

I. Executive Summary

Why a Tourism Master Plan?

Tourism is a major component of New Jersey's economy. According to Longwoods International, New Jersey's tourism industry generated \$24.6 billion in total expenditures in 1996. These expenditures reach each of New Jersey's six tourism regions. Tourism spending also impacts many industry segments, including accommodations, dining, travel, entertainment, and retail. Because of the significant economic impact of the tourism industry to New Jersey, a tourism master plan is essential to coordinate the industry's further development.

A strong tourism industry also represents a healthy quality of life for New Jersey residents. New Jersey's extensive tourism assets also serve the recreational, educational, and entertainment needs of New Jersey residents. These quality of life factors are critical to sustain New Jersey as an ideal state in which to live, work, and visit. A tourism master plan is an effective means of considering the tourism industry's needs for growth, within the context of the industry's overall benefits to the economic, social, and quality of life and well-being of New Jersey and its people.

The mission for the New Jersey tourism master plan is:

To establish a ten-year plan for improving the ability of the tourism industry to contribute to the quality of life, prosperity, and economic well-being of New Jersey residents.

Sponsoring Organizations

Development of this tourism master plan has been facilitated by Deloitte & Touche LLP and co-sponsored by the New Jersey Division of Travel & Tourism and Prosperity New Jersey, Inc.

The Division of Travel & Tourism, located within the New Jersey Department of Commerce and Economic Development, is the primary state government entity responsible for promoting the development of the State's tourism industry and expanding the contribution of tourism to the State's economy.

"The New Jersey Division of Travel and Tourism, in partnership with the travel industry, develops and promotes New Jersey as a single, yet diverse, travel destination, to increase revenues, investment, and employment, contributing to economic prosperity and quality of life throughout the State." - NJDTT Mission

Prosperity New Jersey, Inc. is a public-private partnership created by Governor Whitman to develop collaborative strategies to improve the New Jersey economy. PNJ's Tourism Industry Advisory Committee fosters growth in the State's tourism industry by marketing New Jersey's quality of life, an asset which benefits both residents and businesses alike.

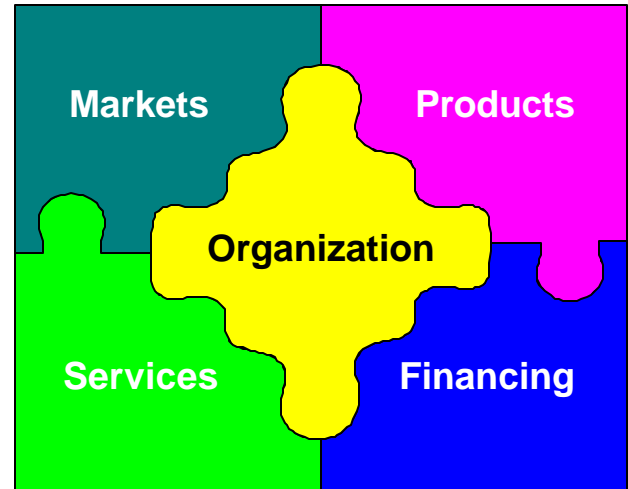
"Prosperity New Jersey is a statewide public-private partnership created through Executive Order by Governor Christine Todd Whitman to bring together top leaders from state government, private industry, education, labor and the environment. This partnership will develop, implement, and continually update collaborative strategies for maximizing the health of the New Jersey economy."
- PNJ Mission

Strategic Issues Facing New Jersey Tourism

The master planning process reviewed five categories of strategic issues facing the New Jersey tourism industry:

- Markets
- Products
- Services
- Organization
- Financing Mechanisms

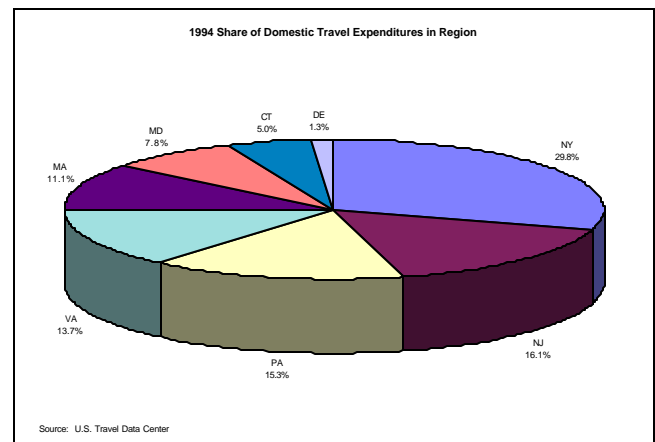
The specific issues investigated in each category were determined through roundtable discussions and industry interviews. Some highlights from the detailed analysis of the master plan's Current Assessment (section III) are presented in this Executive Summary.



New Jersey's Tourism Markets

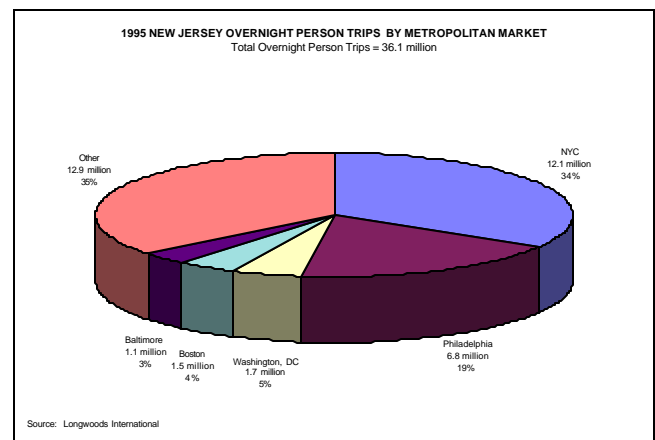
New Jersey Competes Well Within the Region

Within the region, New Jersey has performed well in capturing its share of the domestic tourism expenditures. According to the U.S. Travel Data Center, in 1994, New Jersey ranked second in regional market share with 16.1% behind New York which captured 29.8% of domestic travel expenditures in the region. Pennsylvania was New Jersey's closest competitor with 15.3% market share.



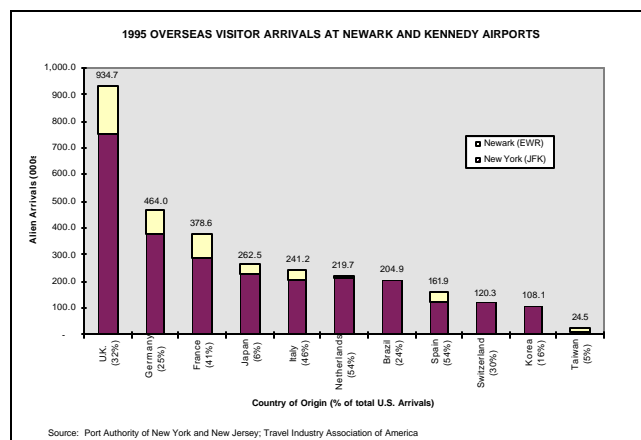
New York City and Philadelphia are New Jersey's Primary Markets

The NYC and Philadelphia markets (each of which includes part of New Jersey) generated 18.9 million or 53% of the total overnight person trips to New Jersey in 1995. New Jersey has performed well in these markets, capturing 17% of person trips from NYC in 1995 and 19% of person trips from Philadelphia, according to TravelScope data. A critical strategic issue for New Jersey will be to protect and expand market share in these base markets.



New Jersey is not Fully Capitalizing on the Region's International Air Traffic

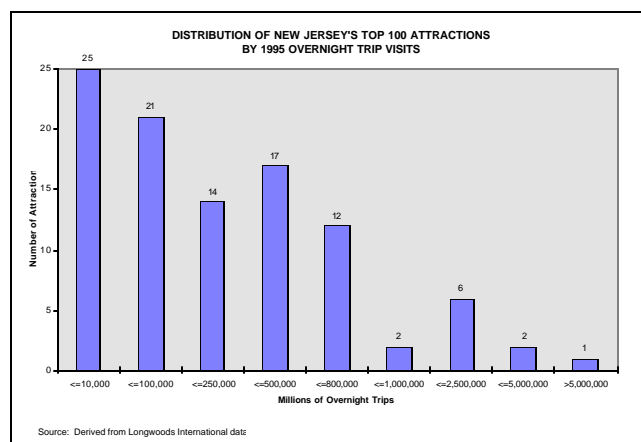
New Jersey enjoys an important strategic advantage in that the New York/New Jersey metropolitan airports, along with Miami, are the most frequent international ports-of-entry to the U.S. However, New Jersey has yet to fully capitalize on this ready access to international markets. According to the International Trade Administration, New Jersey hosted 599,000 overseas visitors in 1995, placing it fourth out of the eight regional competitors, behind New York, Massachusetts, and Pennsylvania.



New Jersey's Tourism Products and Services

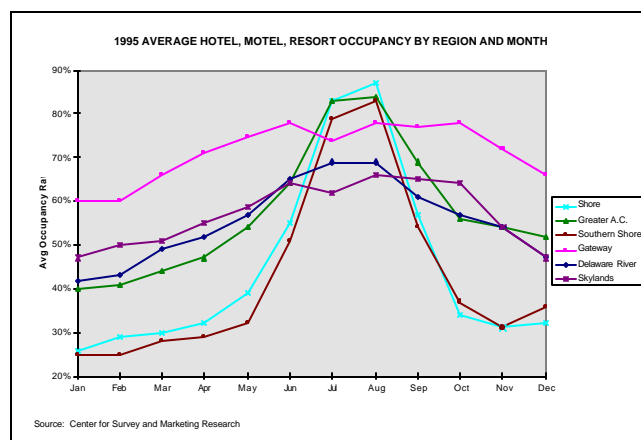
New Jersey has Three Mega-Destinations and Many Smaller Products

The Atlantic City Casinos, Six Flags Great Adventure, and the Jersey Shore have a visitor drawing power that extends beyond the State. However, the fact that the vast majority of attractions in New Jersey draw fewer than 10,000 visitors per year has several important strategic implications. Smaller attractions tend to have fewer resources for marketing and promotion and limited staff resources to support collaborative marketing efforts. In addition, individually, these destinations may capture visitors for only a few hours and therefore are less likely to independently draw the overnight visitation which generates higher economic impact.



Seasonality Impacts New Jersey Visitation and Capacity

The strong seasonality of New Jersey's visitation is most pronounced in the Shore and Southern Shore regions. The Greater Atlantic City region also experiences peaks, but the effect is not as dramatic due to the year-round appeal of casino gaming. If additional accommodations were available, these regions might be able to increase peak period visitation. However, because the off-peak drop-off is so significant, the building of additional capacity may be less attractive to developers.



Organization Of New Jersey's Tourism Industry

New Jersey's tourism industry is supported by organizations at the state, county, and local levels of government, as well as through industry associations and business groups. Coordination of the aims and activities of these entities is important if the public and private resources invested in the industry are most effectively to generate returns.

Many State Government Agencies Have a Role in Tourism

The Division of Travel & Tourism is not the only state government entity which impacts New Jersey's tourism industry. Many other state agencies own and/or operate facilities which are either tourism products (e.g. the Atlantic City Convention Center) or visitor services (e.g. Newark International Airport). In addition, some agencies have existing programs which are being used to support tourism promotion or development or which could be used for these purposes. While each of these agencies can have significant impact on tourism in New Jersey, there is no formal mechanism for coordinating efforts between these agencies for the purpose of actively promoting and developing the tourism industry.

State Agencies Which Impact the Tourism Industry:

- *Department of Commerce and Economic Development*
- *Department of Environmental Protection*
- *Department of Transportation*
- *Department of State*
- *Department of Agriculture*
- *Department of Labor*
- *Economic Development Authority*
- *State Planning Commission*
- *New Jersey Sports & Exposition Authority*
- *Atlantic City Convention & Visitors Authority*
- *New Jersey Turnpike Authority*
- *New Jersey Highway Authority*
- *South Jersey Transportation Authority*
- *Delaware River Port Authority (bi-state)*
- *Delaware River and Bay Authority (bi-state)*
- *Port Authority of New York & New Jersey (bi-state)*

New Jersey has Few Strong Local Tourism Marketing Organizations

Another significant strategic issue is the relative absence of strong local marketing organizations in New Jersey compared with competing states. New Jersey's six regional tourism councils (RTCs) are membership supported organizations with volunteer officers and no dedicated staff. The Division of Travel & Tourism has created a matching grant Regional Partnership Program to support collaborative marketing efforts within the regions. One concern commonly voiced by RTC members is the county-line boundaries of the regions do not represent distinct marketing segments and there is little brand awareness by the traveling public of either the names of each region or their related assets.

New Jersey's competitors typically have a number of local convention and visitors bureaus (CVBs) to coordinate the promotion of the entire range of products and services within their geographic area. They are focused specifically on the marketing of tourism related assets and are typically funded through a combination of membership, grants, and dedicated self-assessment mechanisms. With stable financing, CVBs operate with a dedicated staff of experienced professionals capable of effectively promoting the area and providing information to prospective visitors for both the leisure and business markets. In New Jersey, only the CVB in Atlantic City operates at this level, although other communities have or are exploring the concept.

Financing Tourism Promotion And Development

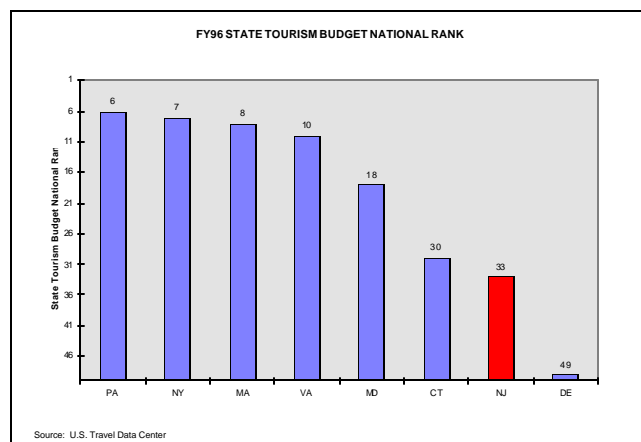
Competition between states to attract visitors has intensified, and states across the country are attempting to improve the promotion and the quality of their tourism assets. Like any other business, tourism promotion requires advertising, public relations, and marketing to effectively reach and persuade consumers and reinvestment to continually improve the quality of the product. Many states utilize a dedicated revenue source to support tourism promotion, but New Jersey and most of its competitors generally rely on General Fund sources for their state tourism office budgets.

Factors Contributing to Increased Competition Between States for Visitors:

- *Reduced transportation costs have increased the range of potential destinations available.*
- *Development of new destination attractions nationwide has increased the options.*
- *Development of new convention facilities nationwide have increased the options for convention planning.*
- *State governments have discovered the increasing importance of tourism in economic development.*
- *Lifestyles have changed so that travelers are more apt to shop to fit their exact vacation needs.*

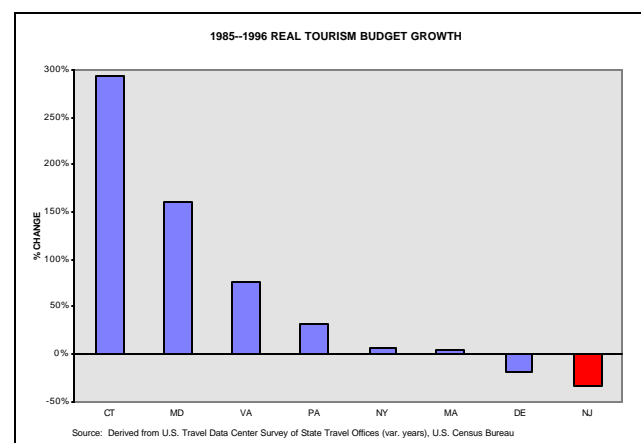
New Jersey Ranks 7th in Visitor Receipts While the State Tourism Budget Ranks 33rd

According to the U.S. Travel Data Center, New Jersey ranked seventh nationally in domestic visitor receipts and thirteenth nationally in international visitor receipts, even though the State's tourism office budget ranked 33rd in 1995. Four of New Jersey's competitors ranked in the top ten nationally in terms of state tourism funding and among the eight, New Jersey's tourism budget only exceeded that of Delaware. Thus, while New Jersey has performed well against the competition, the competition is spending more for state promotion of the industry.



New Jersey's Competitors have been Increasing Their Investment in Tourism

The states with which New Jersey competes have been increasing their spending on tourism promotion and development. In 1985, the New Jersey state tourism budget ranked fourth out of the eight. In 1994, the budget for the New Jersey Division of Travel & Tourism was increased by a million dollars, but by 1996, New Jersey's rank had fallen to seventh out of eight. Over the period that New Jersey's tourism funding has declined by 30% in constant dollars, Connecticut's has nearly tripled and that state has become a key competitor for the gaming and day travel markets.



A Ten Year Vision for New Jersey Tourism

Through roundtable discussions and industry interviews conducted for the master plan, a widely shared vision for the future of the New Jersey tourism industry has emerged. Over the ten year master plan horizon, tourism will become recognized as a vital component of the State's economy. New Jersey's many and varied attractions will become more widely recognized and the State will be recognized for the breadth of its tourism offerings. In addition to increasing visitor awareness of New Jersey as a destination, residents will be knowledgeable and proud ambassadors of the State. Finally, the economic and community development benefits of tourism will continue to be recognized and will be even more integrated in the State's urban and rural development strategies.

In ten years, the master plan seeks to achieve the following vision for New Jersey tourism:

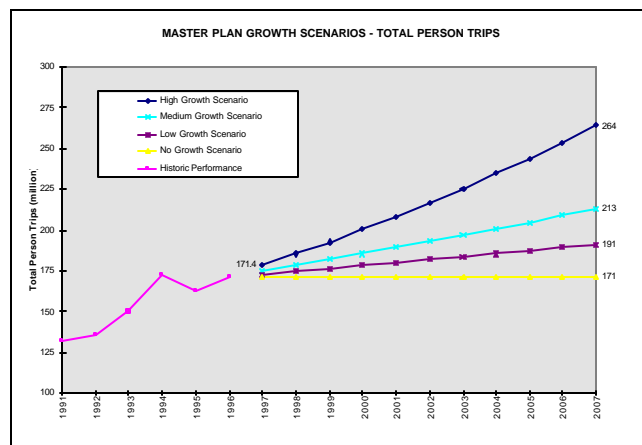
- *Tourism will be Recognized as a Vital Component of the New Jersey Economy*
- *New Jersey will be Recognized as a Destination with Diverse Attractions*
- *Residents will be Knowledgeable and Proud Ambassadors*
- *Tourism will Continue to be a Transformational Component of New Jersey's Urban and Rural Development Strategies*

New Jersey Tourism Can Grow Significantly Over the Next Ten Years

While individual master plan strategies and programs will have different objectives, the overall goals of the tourism master plan are to increase visitation and visitor expenditures in New Jersey, thereby generating jobs and revenues for New Jersey. These performance metrics are monitored through the Division of Travel & Tourism's annual research program, which has been conducted by Longwoods International since 1991.

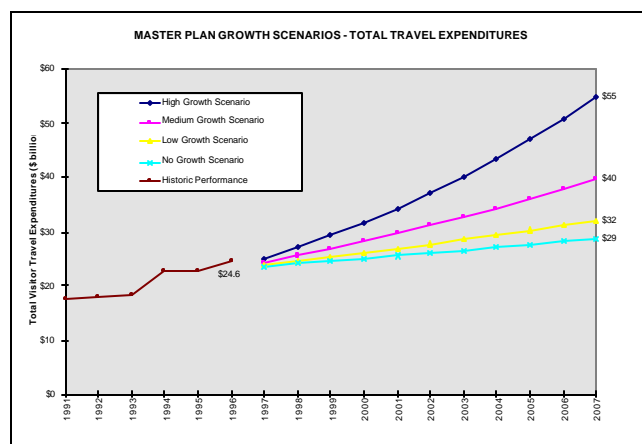
In 1996, New Jersey's tourism industry generated 171.4 million person trips. The master plan calls for the implementation of specific strategies which will generate growth *and* the capacity to handle increased visitation. Of course, many factors will influence future growth in visitation, some of which will depend on the extent to which the master plan strategies are implemented and some of which cannot be controlled. The following table shows three growth scenarios for visitation, which are depicted in the graph:

Growth Scenario	Annual Growth	2007 Person-trips
Low	1.0%	191 million
Medium	2.0%	213 million
High	4.0%	264 million



Depending on the future rate of growth actually experienced, visitation to New Jersey could increase over the next ten years up to 264 million.

In 1996, New Jersey's tourism industry yielded a total of \$24.6 billion in visitor expenditures. The master plan calls for the implementation of specific strategies which will generate growth *and* the capacity to handle increased visitation. Of course, many factors will influence future growth in visitor expenditures, some of which will depend on the extent to which the master plan strategies are implemented and some of which cannot be controlled. The following table shows three growth scenarios for visitor expenditures, which are depicted in the graph:



Growth Scenario	Annual Growth	2007 Expenditures
No Growth	1.4%	\$29 billion
Low	2.4%	\$32 billion
Medium	4.4%	\$40 billion
High	7.5%	\$55 billion
Note: Annual growth rate includes inflation.		

Depending on the future rate of growth, visitor expenditures in New Jersey could increase over the next ten years up to \$55 billion.

The Tourism Industry Must Build Upon Shared Values to Achieve Growth

During the master planning process, the values expressed by interview and roundtable participants were sometimes in agreement and sometimes in conflict. Building on shared values will play a critical role in the successful implementation of the master plan. First and foremost, a commitment to providing a quality visitor experience is key to developing and promoting New Jersey's tourism attractions. In addition, appreciation for what is uniquely New Jersey will build pride, strengthen the State's image, and leverage unique assets which our competitors cannot offer. Commitment to both cooperation and competition is necessary to build an industry which effectively pools resources for collaborative promotion while also providing choices and value for the consumer. In addition, while New Jersey competes with neighboring states for visitors, we must also collaborate to attract visitors from outside the region. While tourism growth is the goal of the master plan, growth must be sustainable and not at the expense of the environment, the quality of life of local communities, or the quality and character of the visitor experience itself. Finally, commitment to long-term investments is an important value if the vision is to be realized, since image promotion and trade relationship building efforts often take years to increase visitation and long-term capital investment projects for urban and rural tourism are needed to build sufficient critical mass of attractions and services necessary to sustain the area as a tourism destination.

These shared values are critical for attaining the vision...

- *Commitment to a Quality Visitor Experience*
- *Appreciation for What is Uniquely New Jersey*
- *Commitment to both Cooperation and Competition*
- *Respect for the Environmental and Community Impacts of Tourism*
- *Commitment to Long-term Investments*

Strategies for Achieving the Master Plan Vision

The master plan includes thirty-nine strategies for growing New Jersey's tourism industry. These strategies were developed through a master planning process which included roundtable discussions, industry interviews, competitor and best practice analysis.

For each strategy, a lead organization has been identified to coordinate the implementation of the strategy and supporting organizations have been identified which have important resources and a stake in the strategy's outcome. Wherever practical, performance measures have been identified which can be used to monitor the effectiveness and efficiency of the programs used to implement the strategy. In some cases, these measures are currently monitored through the Division of Travel & Tourism's annual research program (i.e., by Longwoods International) and in other cases sources for these measures need to be developed. Where baseline performance data exists, the strategy also includes a performance target for the strategy. However, because the level of effort to implement each strategy is subject to the total private and public finances available, performance targets should be revisited as programs are initiated and funded. A key component of annual master plan monitoring should be the reevaluation of performance targets for each strategy and program.

The Tourism Master Plan addresses five key strategic areas for improving tourism in New Jersey:

- *Target New Jersey's Best Markets (T-strategies)*
- *Improve the Promotion of New Jersey's Tourism Products (P-strategies)*
- *Improve the Quality of New Jersey's Tourism Products and Services (Q-strategies)*
- *Strengthen New Jersey's Tourism Organizations (O-strategies)*
- *Expand Access to Financing for Tourism Development and Promotion (F-strategies)*

Target New Jersey's Best Markets

The Tourism Master Plan addresses target markets from three dimensions:

1. Geographic target markets
2. Primary Purpose of Trip
3. Visitor Activities

New Jersey needs to protect and expand its base markets in New Jersey, New York City and Philadelphia while developing additional domestic and international markets. Target markets must also be defined around the primary purpose of the trip (i.e., Visiting Friends/Relatives, Outdoor Recreation, Business, Entertainment) as each segment requires a different marketing approach. In addition, specific attractions or visitor interests represent specific market segments which should be the focus of special efforts.

Strategies to Target New Jersey's Best Markets:

- T-1: Focus on the Core Markets of New Jersey, New York City and Philadelphia Markets*
- T-2: Develop Markets Southward and Westward*
- T-3: Leverage New York City's Presence to Access International Markets*
- T-4: Improve Yield from Visits to Friends/Relatives*
- T-5: Target Natural Resource Opportunities*
- T-6: Extend Business Visitor Stays by Encouraging Spouse/ Partner Travel*
- T-7: Draw New Jersey, NYC and Philadelphia Cultural and Heritage Visitors to New Jersey Sites*
- T-8: Support the Future of the Gaming Industry*
- T-9: Target the Touring Traveler*

T-1: Focus on the Core Markets of New Jersey, New York City and Philadelphia

The New York and Philadelphia metropolitan markets, each of which includes part of New Jersey, account for 91% of day trips and 53% of overnight trips to New Jersey destinations. While these geographic markets are well aware of New Jersey's casinos and beaches, there is less awareness of New Jersey's other tourism assets. Thus, there is significant market potential remaining for New Jersey to tap.

T-2: Develop Markets Southward and Westward

As New Jersey seeks to expand its base markets, the emphasis should be on states to the south (Delaware, Maryland, Virginia) and west of New Jersey (New York, Pennsylvania, Ohio, Indiana) with less emphasis on the New England states. Several rationales support this strategy. First, New Jersey's location makes it a thoroughfare for drive traffic to New York and New England from these markets and provides opportunities to capture visitors to these popular destinations. Second, the expansion of gaming in Connecticut threatens Atlantic City's northeastern markets while in states to the west and south, Atlantic City will remain the primary gaming destination. Third, these markets are growing in population and affluence. For all of these reasons, domestic marketing should be expanded south and west of New Jersey.

T-3: Leverage New York City's Presence to Access International Markets

New York City leads all U.S. cities in overseas visitation with approximately 20% market share. In addition, the increasing trend towards repeat travel destinations represents an opportunity to position New Jersey for overseas NYC visitors looking for new activities. Considering the expense and expertise required to successfully penetrate overseas markets and the stage of development of New Jersey's tourism industry, independent and aggressive international marketing is a long range strategy. Nearer term, New Jersey's international marketing efforts should capitalize on New York City's presence in these markets, as well as regional marketing alliances with neighboring states.

T-4: Improve Yield from Visits to Friends/Relatives

The most popular purpose for visiting New Jersey, as in the U.S. in general, is to visit friends or relatives. While it is difficult to influence the number of VF/R trips, it is possible to increase the economic benefit of these visitors. New Jersey attractions share a widespread belief that many visitors staying with friends or relatives are directed outside New Jersey by their hosts, largely through a lack of familiarity with what is available in the state. Therefore, increasing resident awareness will have the two-fold effect of encouraging residents to explore New Jersey and encouraging more VF/R excursions and longer stays in New Jersey.

T-5: Target Natural Resource Opportunities

In New Jersey, visits with the primary purpose of outdoor recreation are mainly directed toward beach visits. According to Longwoods International, while the percentage of overnight pleasure visitors going to the beach is significantly greater than average for other destinations, the percentage pursuing other outdoor recreation such as lakes/rivers/ocean, wilderness, rural areas, wildlife, and the natural environment are significantly less. New Jersey offers an abundance of outdoor recreation assets, many of which are located close to major destinations. These should be aggressively promoted to attract more visits from the outdoor recreation market segment.

T-6: Extend Business Visitor Stays by Encouraging Spouse/ Partner Travel

In 1996, overnight business travel accounted for only 4% of New Jersey's 171.4 million person trips. Business meetings and sales/service calls were the most popular reasons for making business trips to New Jersey, but the opening of the Atlantic City Convention Center should increase visitation for the convention, conference, and trade show segments.

New Jersey business travelers have been less likely to travel with their spouse or partner than average business travelers. This represents significant opportunity to increase visitation, length of stay, and expenditures by working with New Jersey corporations to encourage their visitors to extend their stays and by developing promotional packages which bundle extended hotel stays with activities to encourage business travelers to bring their spouses or partners. In addition, due to the relatively non-seasonal nature of business travel, this strategy may increase occupancy rates during off-peak periods.

T-7: Draw NYC and Philadelphia Cultural Visitors to New Jersey Sites

In New Jersey, most visits with the primary purpose of entertainment are casino trips. New Jersey's cultural and entertainment attractions play an important role in improving the quality of life for residents, but they do not yet draw high levels of visitation such as New York's Broadway or museums or Philadelphia's Avenue of the Arts or museums. However, the opening of the New Jersey Performing Arts Center in Newark will play a significant role in highlighting New Jersey's strong cultural assets, which include nine dance companies, twenty professional theaters, seventy-four museums, and sixty-five orchestras. New Jersey should increase awareness and visitation to its cultural facilities by developing promotional packages which bundle these attractions with hotel and dinner accommodations. In addition, New Jersey should expand existing and develop new arts & entertainment festivals.

T-8: Support the Future of the Gaming Industry

Gaming represents the largest activity segment for New Jersey tourism. However, the industry faces significant competitive threats, such as the Foxwoods, Mohegan Sun, and Oneida casino/entertainment destinations. New Jersey should embrace this important industry by working with industry leaders to develop a long-term strategy for the state's gaming industry. In the short term, packages should be developed which encourage longer stays by combining gaming and entertainment with other regional attractions such as family entertainment and amusements, golf, beach, and ecotourism activities.

T-9: Target the Touring Traveler

Target touring vacationers tend to come from further away, make longer stays in New Jersey, come in all seasons, and visit a wider range of attractions than the average overnight visitor. Given the state's thoroughfare location and the diversity of its historic, cultural, scenic, and recreational attractions within easy automobile access, New Jersey should target the touring market.

Improve the Promotion of New Jersey's Tourism Products

The promotion strategies are designed to increase awareness of New Jersey's tourism products in the target markets.

P-1: Increase Resident Awareness of New Jersey Attractions

New Jersey residents should be ambassadors for the state, yet many are unaware of the diversity of attractions within the state. Programs which promote tourism within New Jersey should be expanded. These forms of home state promotion will increase in-state visitation by residents and will also capture increased visitation and expenditures from visiting friends or relatives (strategy T-4).

Strategies to Improve the Promotion of New Jersey's Tourism Products:

- P-1: Increase Resident Awareness of New Jersey Attractions*
- P-2: Strengthen Relationships with the Travel Trade and Media*
- P-3: Develop Statewide and Regional Destination Themes*
- P-4: Aggressively Improve Roadway Signage*
- P-5: Develop Targeted Collateral Information*
- P-6: Develop One-Stop Shopping for Visitor Consultation and Reservations*
- P-7: Develop a Direct Marketing Capability*

P-2: Strengthen Relationships with the Travel Trade and Media

The travel trade plays a key role in reaching visitors in target markets. New Jersey should strengthen relationships with key participants in the travel trade to develop long-term access to important markets. This can be accomplished by conducting additional familiarization tours and targeted sales calls for key domestic and international receptive operators and major travel agents in target markets, increasing attendance at key motorcoach, trade, and consumer shows in the Pennsylvania and New York markets, and expanding efforts to qualify and target international and domestic travel writers.

P-3: Develop Statewide and Regional Destination Themes

Themes should be developed which highlight New Jersey's unique tourism assets and package isolated destinations into full-fledged touring itineraries and commissionable tours (strategy T-4). Many creative potential themes were identified during the master planning process.

P-4: Aggressively Improve Roadway Signage

The State should expand its roadway signage program to improve information provided to visitors and residents. Signage serves the dual purpose of explicitly communicating useful information to visitors while implicitly communicating that a visit to the destination is worthwhile and that New Jersey wants to welcome and assist visitors. These programs can be funded through the NJ Department of Transportation and federal Intermodal Surface Transportation Efficiency Act (ISTEA) funds (strategy F-5).

P-5: Develop Targeted Collateral Information

The travel market is reaching a level of sophistication where a one-size-fits-all approach to promotional materials will not be effective. Visitors want information that is tailored to their specific needs. New Jersey should develop the capability of delivering visitor-specific information.

P-6: Develop One-Stop Shopping for Visitor Consultation and Reservations

Trip planning times are shortening and consumers want one-stop shopping that saves them time and effort. While the Division of Travel & Tourism has long offered visitor centers, the 1-800-JERSEY7 service, and more recently an internet home page, these programs are primarily information fulfillment mechanisms. Working through industry partnerships, New Jersey should develop these into full-service programs in which knowledgeable travel consultants offer customized information and make reservations for prospective visitors. With such services, the industry would more effectively “close the deal” when the customer is most interested in visiting New Jersey.

P-7: Develop a Direct Marketing Capability

In addition to providing quality service in response to customer inquiries, New Jersey should develop the capability to market directly to customer. Direct marketing provides a means for developing and building long-term relationships with New Jersey’s tourism customers.

Improve the Quality of New Jersey’s Tourism Products and Services

The product development strategies are designed to improve New Jersey’s tourism assets and the ways in which they are packaged for promotion and distribution. Likewise, the service strategies are designed to enhance the customer’s experience in planning and taking their New Jersey visits.

Q-1: Expand Development of Itineraries and Travel Packages (see P-3)

New Jersey’s inability to enlist tour operators and the retail travel trade in the distribution of the state’s tourism product is directly linked to a lack of awareness and the lack of commissionable products available. By creating discount packages which reward travel agents and tour operators with commissions, New Jersey attractions will realize increased visitation.

Strategies to Improve the Quality of New Jersey’s Tourism Products and Services:

- Q-1: Expand Development of Itineraries and Travel Packages (see P-3)*
- Q-2: Support Existing and Develop New Major Annual Events and Festivals*
- Q-3: Develop Cultural and Historic Sites into Tourism Destinations*
- Q-4: Develop Ecotourism Opportunities*
- Q-5: Develop Urban Tourism Clusters*
- Q-6: Develop Scenic Byways and Touring Corridors*
- Q-7: Develop New Attractions*
- Q-8: Address Barriers to Tourism Development*
- Q-9: Support Expansion of Airline Service to New Jersey*
- Q-10: Improve Access to Hospitality Training*
- Q-11: Expand Hotel/Motel Capacity*

Q-2: Support Existing and Develop New Major Annual Events and Festivals

Special events have the potential to draw visitation even in off-peak periods. Mega-events, such as Spoleto USA or Mardi Gras, generate national and international recognition of the host destination which leads to increased visitation well beyond the duration of the event. New Jersey should expand existing events, such as the New Jersey Balloon Festival, and develop new events and festivals, such as a touring museum event, which extend the season and increase support for existing events. In the short term, this strategy will enable increased visitation without increasing peak season capacity. In the long term, the increased levels of off-peak capacity will improve conditions for the construction of additional capacity (Strategy Q-11).

Q-3: Develop Cultural and Historic Sites into Tourism Destinations

New Jersey is home to many sites of historic and cultural significance, yet many of these sites are either under-maintained or not realizing their potential as tourism destinations, or both. Investment in these assets is needed for their preservation and their promotion to the public. The Division of Travel & Tourism should continue to work with the Cultural & Heritage Tourism Steering Committee which has adopted a framework to guide the development of cultural and heritage tourism in New Jersey.

Q-4: Develop Ecotourism Opportunities

New Jersey's vast natural resources, including its coastal and ocean areas, mountains, the Pinelands, and wildlife management areas represent important opportunities to develop a vibrant ecotourism industry in the state. Careful planning must be a component of this strategy to ensure the conservation and protection of these valuable resources. To date, only Cumberland County has drafted a strategy for ecotourism development and there is no statewide plan in place. New Jersey should establish a statewide ecotourism planning commission to develop statewide principles and guidelines for ecotourism development and should expand the promotion of New Jersey's ecotourism programs in targeted media.

Q-5: Develop Urban Tourism Clusters

New Jersey has made significant investment in urban tourism opportunities, primarily through the development of major public facilities such as the State Aquarium at Camden or the New Jersey Performing Arts Center in Newark. As the experience of Atlantic City and Camden have shown, investments in such "island facilities" can be more successful if they are sustained with continued "in-fill" development to create a critical mass of attractions and services needed to draw visitors to urban areas. New Jersey should utilize minority and woman-owned business enterprise (MBE/WBE) development programs to encourage the development of visitor oriented attractions and services in walking distance of existing and planned urban public facilities. In addition, New Jersey should develop additional public facilities which complement existing facilities to create "attraction districts" within urban areas.

Q-6: Develop Scenic Byways and Touring Corridors

Scenic byways provide touring motorists with the opportunity to explore New Jersey scenery and attractions not readily apparent from the major highways. By promoting such byways, New Jersey may convert "pass through" visitors to make New Jersey a destination, either along the way or on their next trip. New Jersey should develop a signage program to promote scenic routes and direct motorists along them and should publicize scenic routes in promotional materials and newspaper weekend sections.

Q-7: Develop New Attractions

Economic development efforts should be directed to identifying and developing new attractions. Such investment and development should be encouraged where it will enhance existing destinations and increase the "critical mass" for attracting visitors to a locale. Potential complementary attractions may include recreation resorts, nature centers, and family attractions.

Q-8: Address Barriers to Tourism Development

New Jersey must address certain legal barriers to tourism development which can impede the creation or expansion of businesses which attract visitors, including legal liability reform, restrictive Local Development Ordinances and taxation policies, and environmental permitting processes. The Whitman administration has made progress in these areas yet more needs to be done.

Q-9: Support Expansion of Airline Service to New Jersey

New Jersey has made significant investments in expansion projects at Newark International and Atlantic City International Airport and should continue to work with air carriers to expand service to these vital points of entry. In addition, the State should work for continued improvement in airport access to ensure visitors transition smoothly to destinations within New Jersey.

Q-10: Improve Access to Hospitality Training

Customer service is increasingly becoming a deciding factor in where people choose to visit. By improving access to hospitality training, New Jersey will improve the experience of its visitors and encourage return visitation. Currently, hospitality training programs are available at Bergen County College, Stockton State College, Atlantic County College, and Georgian Court. A statewide hospitality training program should be developed.

Q-11: Expand Hotel/Motel Capacity

New Jersey's ability to increase visitation during peak periods is limited by its current hotel/motel room capacity. However, because visitation is so strongly seasonal in many parts of the state, developers have not been inclined to build new facilities. To address the impacts of capacity constraints, the master plan includes near-term strategies geared toward extending the season through special events and festivals (Strategy Q-2) and increasing visitation generated by non-seasonal activities such as business travel (strategy T-6). In the long term, these strategies should smooth occupancy peaks by increasing shoulder visitation and create an environment which will encourage additional hotel/motel development. It should be noted that hotel capacity in Atlantic City is already planned to increase by 50% by the end of the decade.

Strengthen New Jersey's Tourism Organizations

The organizational development strategies are designed to strengthen partnering and collaboration between individual organizations with a role in the tourism industry.

O-1: Establish an Inter-agency "Tourism Cabinet" to Coordinate State Activities Which Impact Tourism

Many State-level agencies have direct impact on tourism in New Jersey and other agencies direct programs which might be directed to support tourism in New Jersey. An inter-agency commissioner-level task force, chaired by the Commissioner of

Commerce and Economic Development, should be created to periodically review State programs to identify opportunities to coordinate activities which would support tourism in New Jersey.

O-2: Strengthen the Role of the Tourism Advisory Council

Tourism policy requires a consistent approach for long-term return on investment. In New Jersey, the marketing message and approach to tourism can change dramatically with each administration. To improve continuity of policy, the Tourism Advisory Council should be empowered to play a greater role in directing New Jersey's tourism policies. In addition, the Tourism Advisory Council should be expanded to include representation from the fast growing multicultural and heritage tourism segments of the industry.

O-3: Commit to Interstate Cooperation

Tourists do not stop at jurisdictional boundaries and many of New Jersey's assets are regional in nature. New Jersey should endorse interstate cooperation between adjacent regions and should participate in interstate collaborative marketing.

O-4: Reexamine the Structure and Role of New Jersey's Regional Tourism Councils

The six regional tourism councils play an important role in bringing together businesses and government agencies to enhance collaboration for tourism promotion. However, their effectiveness is limited and should be improved. The development of strategic plans and annual business plans for each regional council would help solidify support for the councils from individual businesses, state, county, and local government agencies, and foundations. In addition, because tourism promotion themes and opportunities are not limited to regional boundaries, mechanisms should be developed to support inter-regional activities.

O-5: Encourage the Development of Strong Local Marketing Organizations

Convention and Visitor Bureaus are one effective means for promoting regional tourism. By coordinating promotional and marketing activities for a region's attractions and accommodations, CVBs help deliver a consistent message to the market. In addition, CVBs provide a proven mechanism by which expertise and dedicated staff resources unavailable to smaller businesses are made available

Strategies to Strengthen New Jersey's Tourism Organizations:

- O-1: Establish an Inter-agency "Tourism Cabinet" to Coordinate State Activities Which Impact Tourism*
- O-2: Strengthen the Role of the Tourism Advisory Council*
- O-3: Commit to Interstate Cooperation*
- O-4: Reexamine the Structure and Role of New Jersey's Regional Tourism Councils*
- O-5: Encourage the Development of Strong Local Marketing Organizations*
- O-6: Establish On-going Program to Support Cultural & Heritage Tourism*

through the pooling of resources. New Jersey should support and encourage the development of strong local marketing organizations. In the interim, Chambers of Commerce should be encouraged to dedicate staff and resources to tourism development and promotion.

O-6: Establish On-going Program to Support Cultural & Heritage Tourism

The Cultural & Heritage Tourism Steering Committee has made important progress in developing a framework for a statewide cultural & heritage tourism initiative. The framework should be adopted and supported on an on-going basis to nurture the development of this important segment of the New Jersey tourism industry. As previously mentioned, cultural and heritage tourism should be represented on the Division of Travel & Tourism's Tourism Advisory Council.

Expand Access to Financing for Tourism Development and Promotion

The financial resources available to support the implementation of the tourism master plan will depend upon the level of private funds (investment, cooperative marketing, and sponsorship) and public funds (federal, state, county, and local) committed to tourism development and promotion. The availability of public funds at any level of government is subject to executive budget preparation and legislative approval. The availability of private funds is subject to the resources of the organizations involved and the attractiveness of the program being implemented, in terms of direct or indirect returns on investment. The extent to which each master plan strategy is implemented may be adapted and phased to meet budgetary constraints. The master plan strategies taken in their entirety represent a comprehensive approach to growing New Jersey's tourism industry.

Strategies to Expand Access to Financing for Tourism Development and Promotion:

- F-1: Increase Awareness of Tourism's Economic Benefits*
- F-2: Aggressively Pursue Private Matching Programs*
- F-3: Access Existing State Financial Sources to Support Tourism Development*
- F-4: Secure Federal Funding for the Preservation of Natural, Cultural and Historic Assets*
- F-5: Consider Regional Self-Assessment Mechanisms*
- F-6: Apply State Development Programs to Encourage Investment in New Jersey Tourism*

F-1: Increase Awareness of Tourism's Economic Benefits

General awareness of tourism's economic benefits should be increased for government officials at the state, county and local levels as well as for residents and businesses in New Jersey.

F-2: Aggressively Pursue Private Matching Programs

The State should continue to aggressively seek private industry partners to leverage State investment in the industry. The *Regional Partnership Program* encourages businesses in the regional tourism councils to cooperatively pool funds to be matched by State grants and strengthens participation in the tourism councils (strategy O-4). In addition, *Corporate Partnerships* are another source of matching public and private funds and should be aggressively sought for cooperative marketing as well as to underwrite the development of special events and festivals, as well as supporting the State's Visitor Centers system.

F-3: Access Existing State Financial Sources to Support Tourism Development

New Jersey state government has established a number of programs for economic development, transportation, community development, historic preservation, and conservation. These funds should be accessed to support the development of tourism products and businesses. A key mechanism for directing these funds towards tourism will be the state government inter-agency “tourism cabinet” (strategy O-1.)

F-4: Secure Federal Funding for the Preservation of Natural, Cultural and Historic Assets

New Jersey’s Green Acres and Historic Preservation funds have provided capital funding to support the development and preservation of ecotourism and historic tourism assets in the State and additional, federal resources should be sought, such as those for beach replenishment. As recommended by the Task Force on New Jersey History (recommendation 3.3), state and local governments should partner with federal government and private industry to develop regional historic tourism attractions, such as the New Jersey Coastal Heritage Trail.

F-5: Consider Regional Self-Assessment Mechanisms

As demonstrated in the financing section of the report, most of New Jersey’s competitors have regional marketing organizations financed through self-assessments. Given the diversity of businesses throughout the state’s twenty-one counties and six tourism regions, no single mechanism for financing regional marketing organizations can be effective statewide. However, to the extent that businesses within a region can develop a viable plan and garner support for creating a regional marketing organization financed through assessments, the State should consider and evaluate the proposal.

F-6: Apply State Development Programs to Encourage Investment in New Jersey Tourism

A tax credit incentive or lending program may be an effective means for encouraging investment in tourism-related businesses. Economic development programs have used these types of programs to encourage industry relocation or expansion. New Jersey’s economic development incentives should include guidelines for encouraging tourism-related investment and development and consideration should be given to assigning an account manager to focus on tourism development.

Master Plan Implementation

The development of this master plan incorporated input from a wide range of individuals in both the private and public sectors and from across the tourism industry. The master plan represents a comprehensive set of strategies, some already being implemented to some degree, which can be used to grow New Jersey's tourism industry.

Implementation Progress will be Monitored by the Tourism Advisory Council

The Division of Travel & Tourism will lead in the overall implementation of the tourism master plan strategies, with the advise and guidance of the State's Tourism Advisory Council, and with the leadership, collaboration and cooperation of industry partners and other public and private organizations. As charged in the enabling legislation which authorized the development of the last tourism master plan almost eighteen years ago, the Tourism Advisory Council will monitor the State's progress in implementing the master plan strategies and goals and should periodically adapt the plan as necessary.

Performance Targets will be Reevaluated as Resources are Allocated

The tourism master plan will be implemented through a combination of existing, expanded, and new programs for tourism development and promotion. Performance targets should be set and monitored for each program to measure its effectiveness and efficiency in meeting objectives.

The tourism master plan outlines specific strategies which will generate growth and the capacity to handle increased visitation. However, because the level of effort to implement each strategy is subject to the total private and public finances available, the performance targets established in the master plan document should be revisited as programs are initiated and funded. A key component of the Tourism Advisory Council's monitoring of the master plan implementation should be the periodic reevaluation of performance targets for each strategy and program.

II. INTRODUCTION

A. WHY A TOURISM MASTER PLAN?	2
B. SPONSORING ORGANIZATIONS	3
C. APPROACH.....	4
<i>Roundtable Discussions</i>	5
<i>Industry Interviews</i>	5
<i>Secondary Data Sources</i>	5
<i>State Tourism Offices</i>	6
<i>Analysis & Strategy Formulation</i>	6

II. Introduction

A. Why a Tourism Master Plan?

Tourism is a major component of New Jersey's economy. According to Longwoods International, New Jersey's tourism industry generated \$24.6 billion in total expenditures in 1996. These expenditures reach each of New Jersey's six tourism regions. Tourism spending also impacts many industry segments, including accommodations, dining, travel, entertainment, and retail. Because of the significant economic impact of the tourism industry to New Jersey, a tourism master plan is essential to coordinate the industry's further development.

A strong tourism industry also represents a healthy quality of life for New Jersey residents. New Jersey's extensive tourism assets also serve the recreational, educational, and entertainment needs of New Jersey residents. These quality of life factors are critical to sustain New Jersey as an ideal state in which to live, work, and visit. A tourism master plan is an effective means of considering the tourism industry's needs for growth, within the context of the industry's overall benefits to the economic, social, and quality of life and well-being of New Jersey and its people.

The mission for the New Jersey tourism master plan is:

To establish a ten-year plan for improving the ability of the tourism industry to contribute to the quality of life, prosperity, and economic well-being of New Jersey residents.

B. Sponsoring Organizations

Development of this tourism master plan has been facilitated by Deloitte & Touche LLP and co-sponsored by the New Jersey Division of Travel & Tourism and Prosperity New Jersey, Inc.

The Division of Travel & Tourism (NJDTT), located within the New Jersey Department of Commerce and Economic Development, is the primary state government entity responsible for promoting the development of the State's tourism industry and expanding the contribution of tourism to the State's economy. The mission of NJDTT is:

“The New Jersey Division of Travel and Tourism, in partnership with the travel industry, develops and promotes New Jersey as a single, yet diverse, travel destination, to increase revenues, investment, and employment, contributing to economic prosperity and quality of life throughout the State.”

Prosperity New Jersey, Inc. is a public-private partnership created by Governor Whitman to develop collaborative strategies to improve the New Jersey economy. The mission of PNJ is:

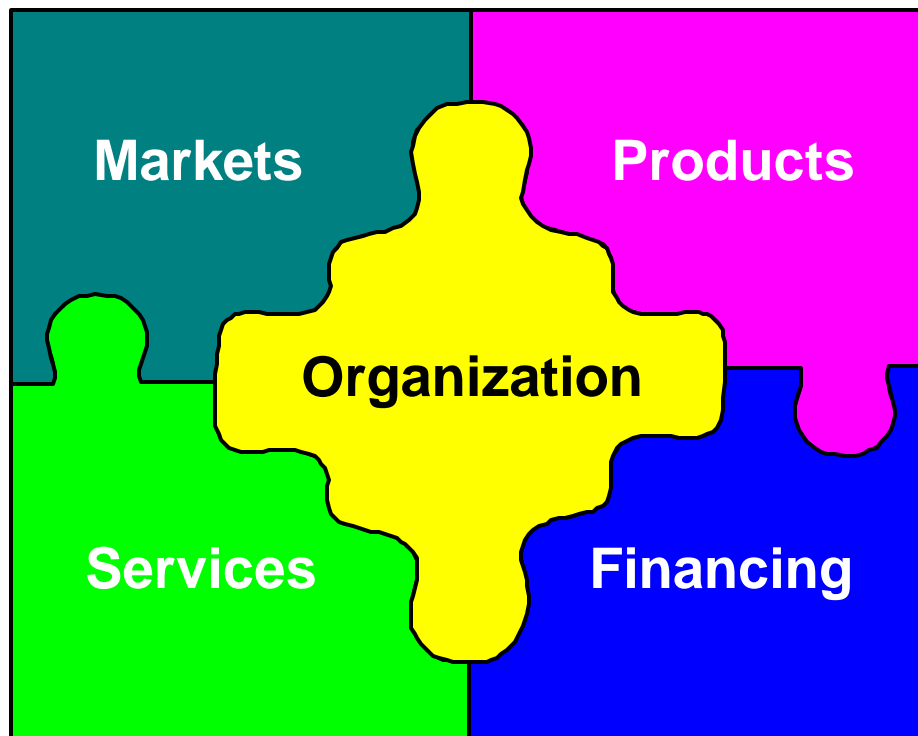
“Prosperity New Jersey is a statewide public-private partnership created through Executive Order by Governor Christine Todd Whitman to bring together top leaders from state government, private industry, education, labor and the environment. This partnership will develop, implement, and continually update collaborative strategies for maximizing the health of the New Jersey economy.”

PNJ's Tourism Industry Advisory Committee fosters growth in the State's tourism industry by marketing New Jersey's quality of life, an asset which benefits both residents and businesses alike.

C. Approach

The approach used to develop the tourism master plan focused on five key strategic elements:

- What are the tourism assets and products which attract visitors to New Jersey?
- What are New Jersey's target markets?
- What services, including transportation, information, accommodations, and dining are available to support New Jersey visitors?
- How is the New Jersey tourism industry organized to coordinate tourism promotion and development efforts?
- What mechanisms are available for public and private financing of tourism promotion and development?



A wide ranging input process was used to collect as much data as possible to evaluate these five elemental questions. These inputs were used to evaluate the current state of New Jersey tourism and to select strategies which address the future needs of the industry in each strategic element.

Roundtable Discussions

Deloitte & Touche LLP facilitated ten roundtable discussions with industry representatives from across the State. The six Regional Tourism Councils provided a basis for six of the roundtable discussions, with participants being selected by the Council's Chair or by the Council's liaison staff representative from the Division of Travel & Tourism.

- Skylands Region
- Gateway Region
- Greater Atlantic City Region
- Shore Region
- Southern Shore Region
- Delaware River Region

In addition, roundtable discussions were conducted with members of the following four groups:

- New Jersey Travel Industry Association
- Cultural & Heritage Tourism Steering Committee
- CEOs of each of New Jersey's five American Automobile Association (AAA) clubs
- State, County, and Local Economic Development professionals

Each roundtable session lasted approximately two hours and in total, over one hundred and fifty individuals participated. These discussions helped to define the issues in each of the five strategic elements, both from a statewide viewpoint as well as from the regional perspective. In addition, they served as a valuable forum for generating creative ideas and approaches for improving the industry.

Industry Interviews

To supplement the information gathered through the roundtable discussions, Deloitte & Touche LLP conducted approximately fifty one-on-one interviews with key industry executives throughout the State. These half-hour discussions focused on specific issues affecting segments of the tourism industry, identifying collaborative and competitive marketing strategies, and field testing potential strategies.

Secondary Data Sources

To provide a quantitative basis for determining master plan strategies, industry trend data was collected from a wide range of sources.

The primary source of New Jersey visitor data used was that provided by Longwoods International as part of the annual research program of the Division of Travel & Tourism. For

comparative visitor data, the U.S. Travel Data Center (USTDC) was used as the primary data source. There are significant methodological differences between the Longwoods and USTDC estimates. The USTDC definition of a “trip” is any journey of 100 miles or more, or a journey less than 100 miles with an overnight stay in a hotel. However, Longwoods measures a trip as any travel that takes an individual away from their home or business area. This is a broader definition which accounts for New Jersey’s small geographic size and large border travel. Because of these methodological differences, direct comparison between these two sources is problematic. Therefore, Longwoods data was used in the master plan wherever New Jersey specific information was needed, and USTDC data was used only where comparisons with other states were needed.

State Tourism Offices

Deloitte & Touche LLP also undertook a best practice analysis with competitor and market leader states. Best practice analysis in tourism is a means of identifying particular processes, policies or practices that enable a state to better manage, promote and deliver its tourism products and services. Competitor states included Pennsylvania, New York, Connecticut, Delaware, Maryland, Virginia, Massachusetts and the Nevada gaming market. In addition, states considered to be innovators or market leaders in specific areas of tourism were also contacted, including North Carolina, South Carolina, California, Illinois, Hawaii and Florida.

Analysis & Strategy Formulation

Using the data collected through the roundtables, industry interviews, state tourism office interviews, and secondary data sources, Deloitte & Touche LLP prepared an assessment of the current state of tourism in New Jersey. This current assessment is presented in Section III of this master plan document.

In collaboration with a master plan working group composed of representatives from the Division of Travel & Tourism and Prosperity New Jersey’s Tourism Industry Advisory Committee, Deloitte & Touche LLP formulated a set of strategies which address the five key elements of the tourism master plan. These strategies are presented in Section IV of this master plan document.

III. CURRENT ASSESSMENT

A. THE ECONOMIC IMPACT OF TOURISM.....	2
<i>Tourism is a Significant Component of New Jersey's Economy.....</i>	2
Tourism Generated \$22.9 Billion in Expenditures in New Jersey in 1995.....	2
Tourism Expenditures Reach Each of New Jersey's Tourism Regions.....	4
<i>Atlantic City Has Fueled New Jersey Tourism Growth.....</i>	6
Entertainment & Recreation are Significant Components of Tourism Expenditures.....	6
Atlantic County Generates One-Third of New Jersey's Tourism Expenditures.....	8
New Jersey Casino Expenditures Ultimately Benefit Most Counties.....	10
<i>Overnight Visitation is the Key to Increased Economic Impact.....</i>	11
Expenditures are Greatest Where Overnight Visitation is Highest.....	11
Per Trip Spending for Overnight Trips Greatly Exceeds Day Trip Spending.....	13
<i>New Jersey's Share of Tourism Expenditures is Under Challenge.....</i>	14
New Jersey's Growth in Tourism Expenditures Has Not Kept Pace with Inflation.....	14
New Jersey's Loss of Market Share Parallels the Region.....	15
Changing Regional Demographics are Impacting New Jersey's Markets.....	16
The Mid-Atlantic and New England Regions Have Lost Market Share.....	17
New Jersey Competes Well Within the Region.....	18
New Jersey has Lost Market Share to New York and Virginia.....	19
B. NEW JERSEY'S TOURISM MARKETS.....	20
<i>The National Travel Market Continues to Increase.....</i>	20
<i>New Jersey's Domestic Markets.....</i>	21
New Jersey Primarily Serves the Pleasure Travel Market.....	21
New Jersey is Primarily a Day Trip Market.....	21
Day Trips are Balanced between Residents & Non-Residents.....	23
New Jersey Day Visitors Primarily Visit Friends/Family, Casinos, or Beaches.....	24
New York and Pennsylvania are Major Sources of Overnight Trips.....	25
New York City and Philadelphia are New Jersey's Primary Markets.....	26
Reasons for Overnight Travel to New Jersey are Similar to DayTrippers.....	27
New Jersey has Significant Share of the New York City Market.....	28
New Jersey has Significant Share of the Philadelphia Market.....	29
<i>International Markets.....</i>	30
Visitation to the U.S. from Primary International Markets has Generally Increased.....	30
Second-Tier International Markets are Increasing.....	31
Developing Overseas Markets have Experienced the Highest Growth.....	32
International Arrivals through Newark and JFK Airports are Increasing.....	33
The New York/New Jersey Airports have a Significant Share of International Arrivals.....	34
New Jersey is not Fully Capitalizing on the Region's International Air Traffic.....	35
New Jersey is Underperforming Competitors in the Canadian Market.....	36
Overseas Visitor Activity Preferences Point to Opportunities for New Jersey.....	37
C. NEW JERSEY'S TOURISM ASSETS.....	38
<i>Strategic Issues.....</i>	38
New Jersey Offers a Diverse Set of Products Throughout the State.....	38
New Jersey Offers Differentiating Tourism Products.....	40
New Jersey has Three Mega-destinations and Many Smaller Visitor Products.....	44
Seasonality Impacts New Jersey's Tourism Regions.....	46
Special Events and Casino Trips Balance Seasonal Peaks.....	47
<i>New Jersey's Tourism Products.....</i>	48
Sports & Recreation.....	48
Historic Sites.....	48
Cultural Sites.....	51
Retail.....	51
Science & Nature.....	52

Entertainment	54
Dining.....	56
Convention & Meeting Centers	56
<i>New Jersey's Tourism Services</i>	58
Accommodations.....	58
Road Transportation.....	60
Air Transportation.....	60
Information Services.....	62
Travel Trade	63
D. ORGANIZATION OF NEW JERSEY'S TOURISM INDUSTRY	64
<i>New Jersey Division of Travel & Tourism</i>	64
Mission	64
Organizational Structure.....	65
Programs.....	66
<i>Other State Agencies</i>	67
<i>Regional Tourism Councils</i>	68
<i>Industry Associations</i>	68
<i>Local Organizations</i>	69
<i>Convention and Visitors Bureaus</i>	69
<i>Prosperity New Jersey Tourism Industry Advisory Committee</i>	71
E. COMPETITION AND BEST PRACTICES.....	72
<i>Connecticut: We're Full of Surprises</i>	73
<i>Delaware: The Small Wonder/The First State of America</i>	75
<i>Maryland: So Many Things to Do, So Close Together</i>	76
<i>Massachusetts: We'd Love to Show You Around</i>	78
<i>Nevada: Discover Both Sides of Nevada</i>	79
<i>New York: I Love New York</i>	80
<i>Pennsylvania: Memories Last a Lifetime</i>	81
<i>Virginia: Virginia is for Lovers</i>	82
<i>Best Practices</i>	83
Comprehensive Visitor Research	83
Franchised Welcome Centers	83
Training Initiatives	83
Creation of an Advisory Board or Commission.....	84
Research as Public Relations	84
Regional Support a Separate Priority at the State Level.....	84
Open Cooperative Funds	85
Interstate Collaborative Marketing	85
Electronic Kiosks	85
F. FINANCING TOURISM PROMOTION AND DEVELOPMENT	86
<i>New Jersey Tourism Funding Competitive Situation</i>	87
New Jersey Ranks 33rd in State Tourism Budget and 7th in Domestic Visitor Expenditures	6
New Jersey's Competitors have been Increasing Their Investment in Tourism	6
New Jersey's Competitors have Larger Advertising Budgets	89
New Jersey's Competitors Participate in More Travel Trade Shows.....	90
<i>Existing Sources of State Funding in New Jersey</i>	91
General Fund Sources.....	91
State Authorities	92
Special Revenue Funds.....	93
<i>Comparative State Funding Mechanisms</i>	94
New Jersey and its Competitors Use General Fund Revenues for Tourism Promotion.....	94
Alternative Dedicated Revenue Mechanisms.....	94
Dedicated CVB Funding Can Significantly Boost Total Promotion Funding.....	96
<i>Comparative Tourism Promotion Organizational Structures</i>	97

Public or Private?97

State, Regional, or Local?99

III. Current Assessment

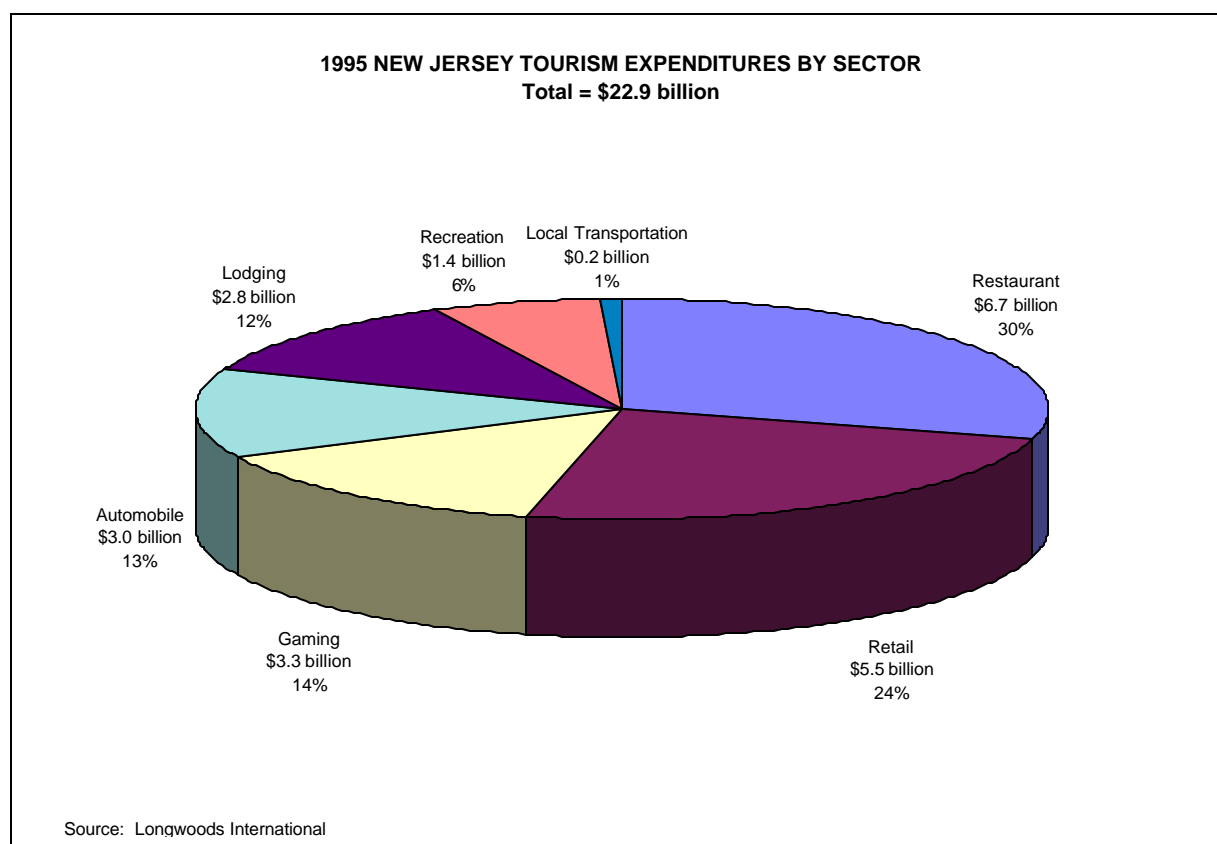
A. The Economic Impact of Tourism

Tourism is a Significant Component of New Jersey's Economy

Tourism is recognized both in the U.S. and globally as a significant contributor to economic growth. According to Tourism Works for America, travel related expenditures in the U.S. exceeded \$421.5 billion and generated 6.6 million jobs for 1995. In New Jersey, tourism is becoming an increasingly significant component of the State's economy.

Tourism Generated \$22.9 Billion in Expenditures in New Jersey in 1995

According to Longwoods International, New Jersey's tourism industry generated \$22.9 billion in total expenditures in 1995, up 0.4% from \$22.8 billion in 1994. The following pie chart presents the distribution of tourism expenditures by economic sector.

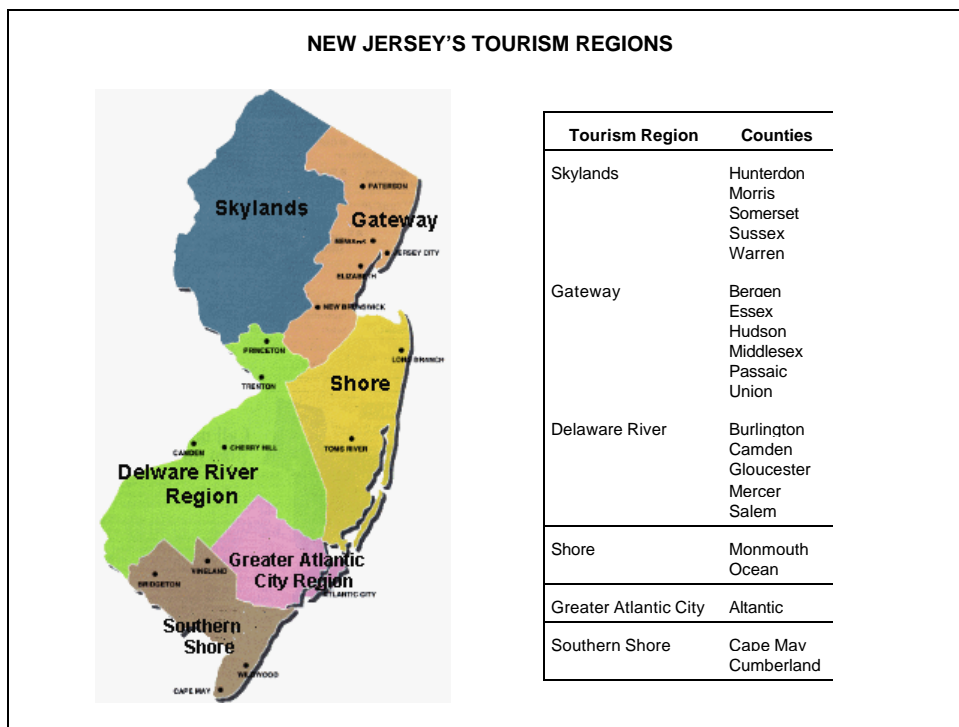


The restaurant and retail sectors accounted for 54% of total tourism expenditures in New Jersey in 1995. Clearly, gaming represents a significant portion of the New Jersey tourism industry, with expenditures totaling \$3.3 billion or 14% of visitor expenditures in 1995, more than double the \$1.4 billion spent in other forms of recreation. Automobile related expenditures totaled \$3.0 billion or 13% of visitor expenditures in 1995, considerably more than the \$0.2 billion spent by

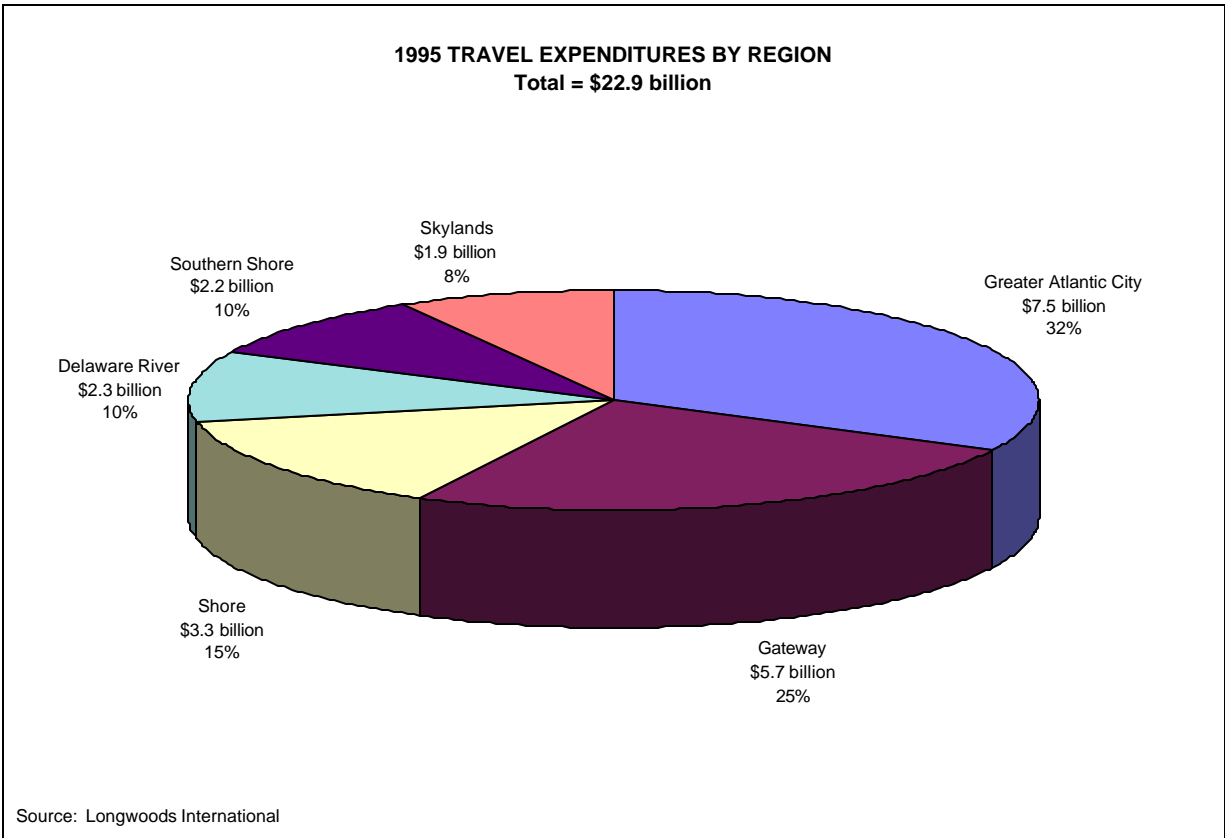
visitors on other forms of local transportation. Automobile spending also exceeded lodging expenditures, which accounted for 12% of total tourism expenditures in 1995. Both of these relationships point to the importance of the day trip market to New Jersey's tourism industry.

Tourism Expenditures Reach Each of New Jersey's Tourism Regions

For purposes of tourism marketing, New Jersey is divided into six regions. These regions are depicted on the map below.



According to Longwoods International, each region generated total 1995 tourism expenditures in the billions of dollars, ranging from the Skylands region which generated \$1.9 billion to the Greater Atlantic City region which led all regions with \$7.5 billion in tourism generated spending. The pie chart below presents the distribution of tourism expenditures by region in 1995.



The Greater Atlantic City and Gateway regions accounted for 57% of tourism spending in New Jersey in 1995, generating \$7.5 billion and \$5.7 billion respectively. The Shore region ranked third in expenditures with \$3.3 billion, the Delaware River region fourth with \$2.3 billion, the Southern Shore fifth with \$2.2 billion, and the Skylands region sixth with \$1.9 billion in travel expenditures.

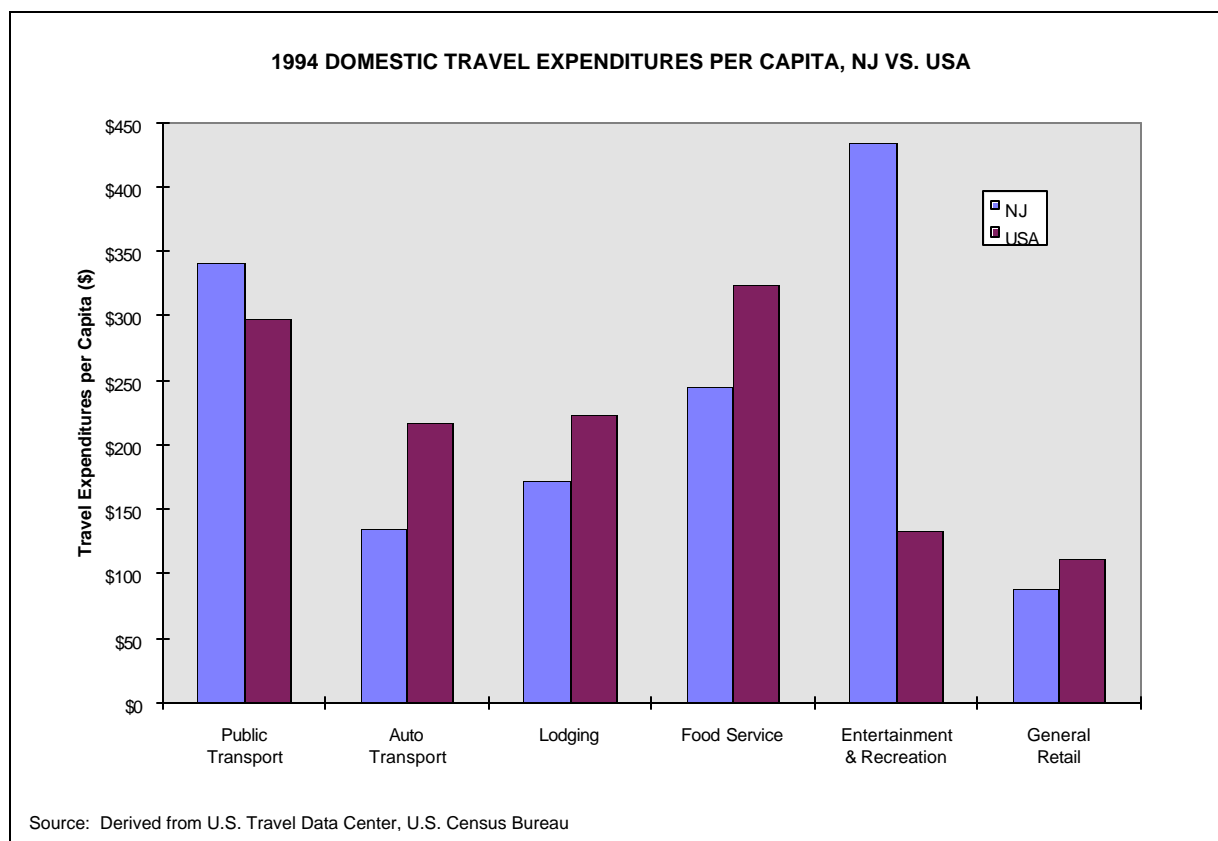
Atlantic City Has Fueled New Jersey Tourism Growth

The Greater Atlantic City region and Atlantic City have played a significant role in increasing visitation and visitor spending in New Jersey.

Entertainment & Recreation are Significant Components of Tourism Expenditures

Generally, the more populated states tend to have the greatest tourism visitation and expenditures. Two reasons are often cited for this relationship. First, the leading purpose for travel is to visit friends and family, and therefore, regions with higher populations will tend to attract more visitors. Second, regions with greater populations create a stronger market for business and entertainment destinations, which in turn attract more visitors. Of course, exceptions to this principle exist, where the creation of a premier tourism destination can attract visitation well in excess of that suggested by the population level. Las Vegas is the prime example where the creation of a casino gaming and entertainment mecca greatly increased visitation relative to population. Interestingly, the high rates of visitation to Las Vegas have generated economic and population growth which has made the area one of the fastest growing economies in the United States.

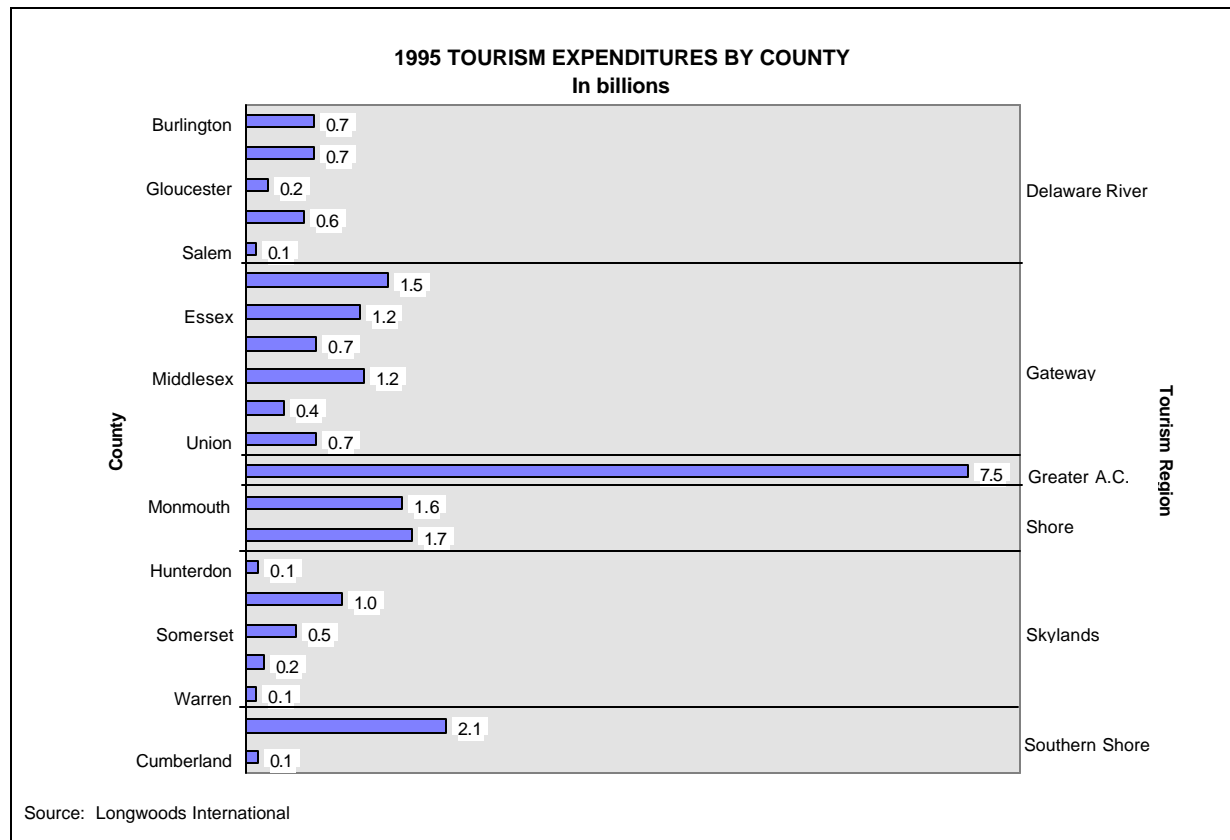
Like Las Vegas, Atlantic City gaming and entertainment as well as shore recreation, have pushed visitation and travel expenditures in New Jersey higher than would be expected by population. The following chart shows 1994 travel related expenditures, on a per capita basis, by spending category for New Jersey and the United States as a whole.



New Jersey domestic travel expenditures per resident are comparable to the national level in Public Transport and General Retail. Expenditures in New Jersey are significantly lower than the national per resident level for Auto Transport, Lodging, and Food Service. Entertainment and Recreation is nearly three times the national travel expenditure per resident, with \$435 spent per resident per year in New Jersey, compared to \$133 per resident per year in the country as a whole. New Jersey's strong performance in the Entertainment & Recreation category is due primarily to gaming and beach activities.

Atlantic County Generates One-Third of New Jersey's Tourism Expenditures

While tourism related spending occurs in each region, the level of spending varies significantly on the county level. According to Longwoods International, one-third of 1995 tourism expenditures in New Jersey occurred in Atlantic County. The following bar chart presents 1995 tourism expenditures by county.



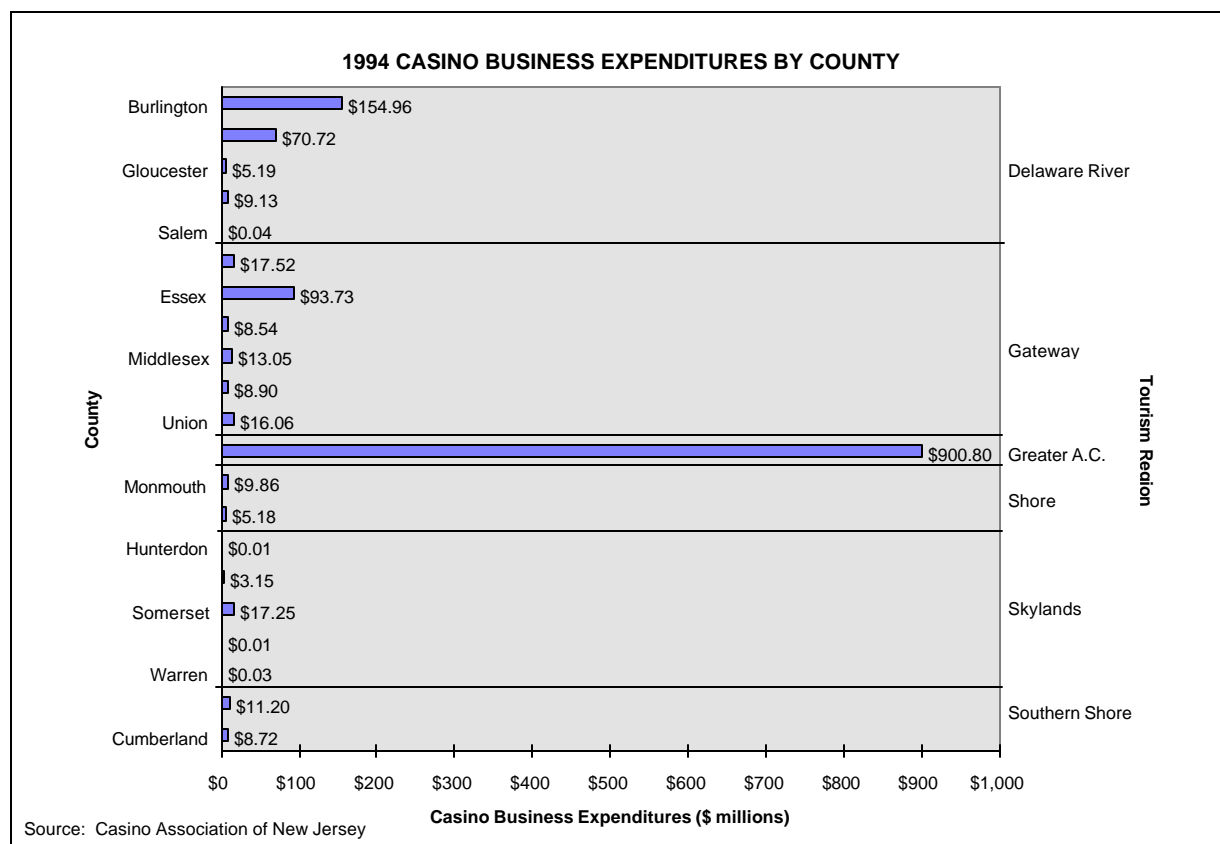
The distribution of tourism spending by county falls into four categories:

- Very High Expenditures (\$5.0 billion and above) Atlantic
- High Expenditures (\$1.5 to \$5.0 billion) Bergen, Cape May, Monmouth, Ocean
- Medium Expenditures (\$0.5 to \$1.5 billion) Burlington, Camden, Essex, Hudson, Mercer, Middlesex, Morris, Passaic, Somerset, Union
- Low Expenditures (up to \$0.5 billion) Cumberland, Gloucester, Hunterdon, Salem, Sussex, Warren

The relative magnitude of tourism spending in Atlantic County is so great that even though the Greater Atlantic City region is comprised of only one county, it still generates significantly more tourism expenditures than the other tourism regions. By contrast, the Skylands region is comprised of five counties, but as each is in the low expenditure category, the region as a whole lags the others in terms of tourism spending.

New Jersey Casino Expenditures Ultimately Benefit Most Counties

Casino gaming in Atlantic City contributes a significant portion of tourism spending in New Jersey. As shown in the preceding analysis, the impact of casino gaming makes the Greater Atlantic City region the leading generator of tourism spending in the State. However, the economic benefits of casino gaming are not limited to Atlantic City. In addition to tourism spending by visitors on their way to and from Atlantic City, other regions of the State benefit from the business spending of the casino industry. According to the Casino Association of New Jersey, in 1994 casino hotels purchased a total of \$2.2 billion in goods and services, of which \$1.4 billion or 39% was purchased from businesses in New Jersey. The following bar chart shows the distribution of these business expenditures by county.



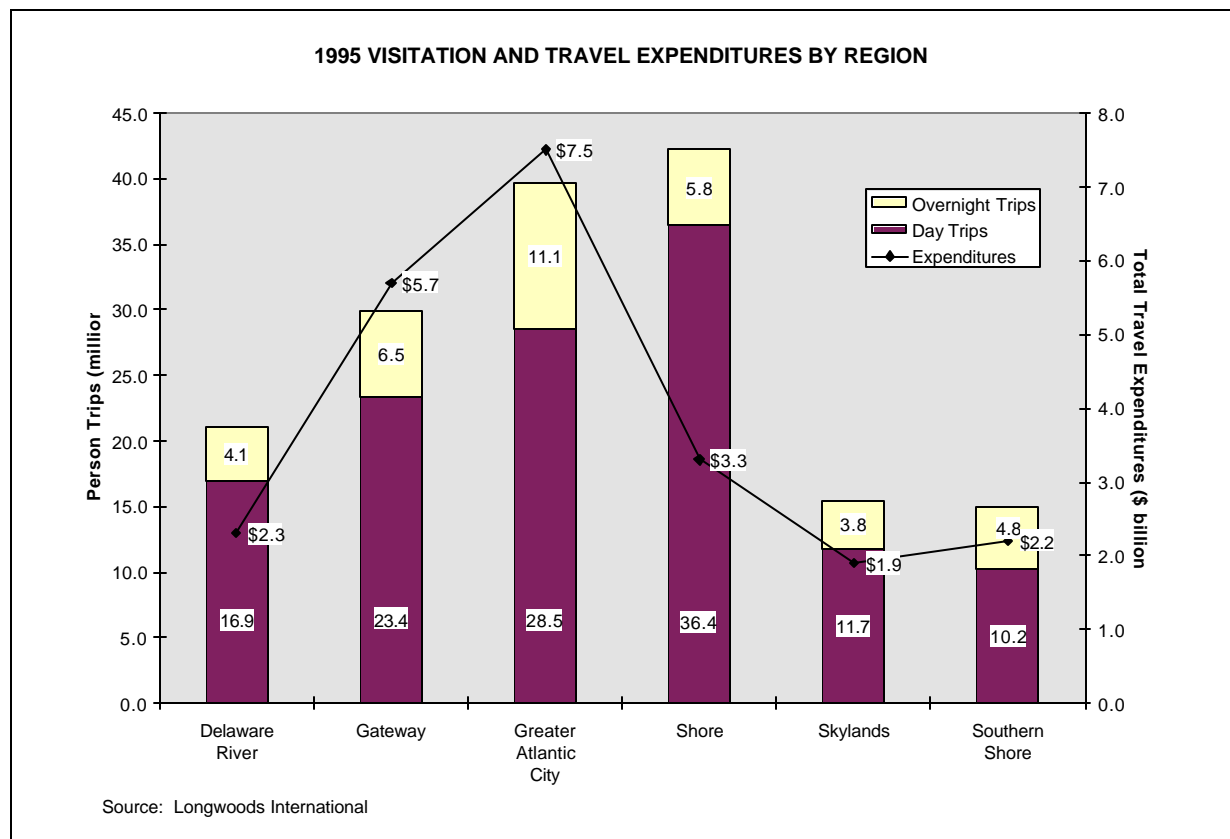
While most casino expenditures occurred within Atlantic County, nearly 58% of total casino expenditures in New Jersey occurred outside of Atlantic County. Burlington, Essex, and Camden counties received almost 20% of the casino's New Jersey expenditures, but a significant volume of business purchases were made in nearly every county.

Overnight Visitation is the Key to Increased Economic Impact

New Jersey has traditionally been a day trip market. However, the key to increasing visitor expenditures in the long-term is to increase overnight visitation to the State.

Expenditures are Greatest Where Overnight Visitation is Highest

Generating overnight visitation and increasing the length of stay are two keys to increasing the economic impact of tourism. The following chart shows the number of overnight and day trips in 1995 in each tourism region, and the total travel expenditures generated in the region.



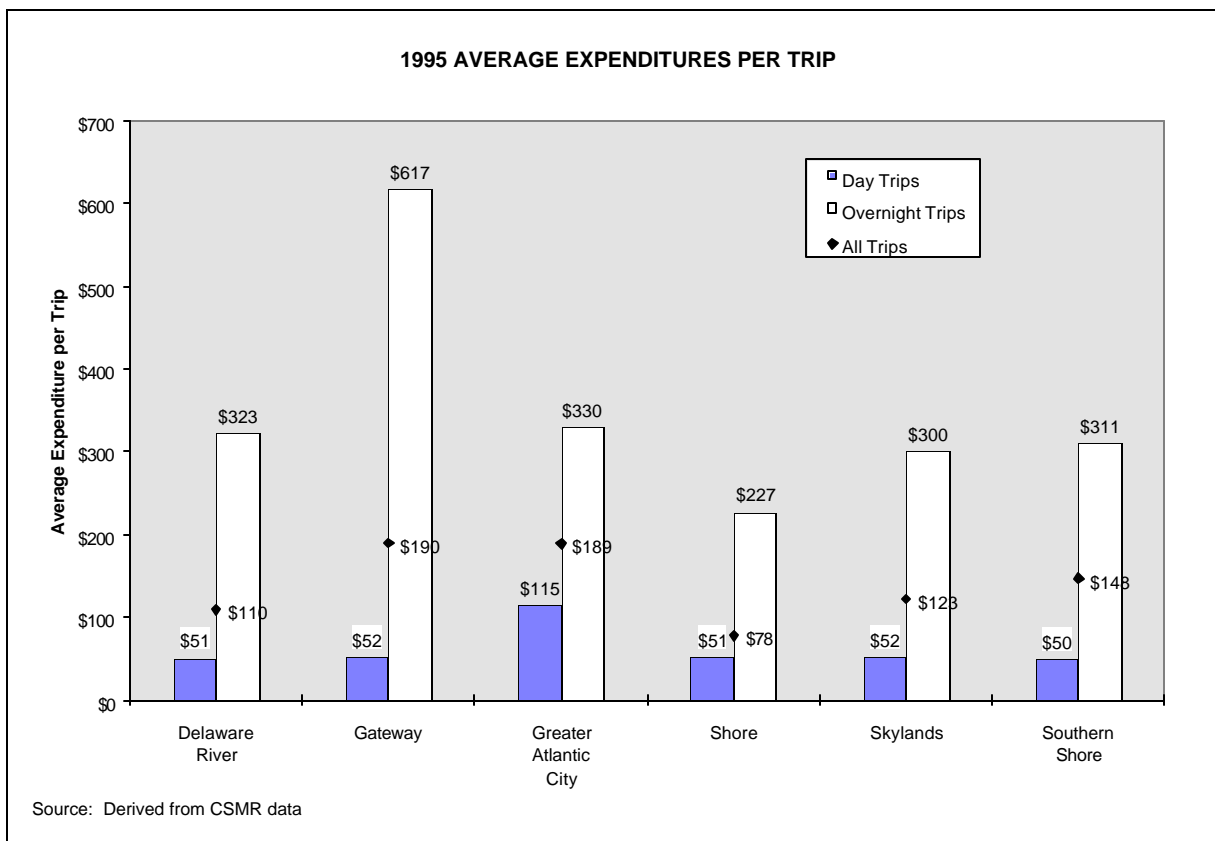
While travel expenditures tend to follow total visitation, the correlation is even stronger with overnight trips. The Shore region generated the most trips of all regions, but was third in terms of total expenditures. This is partly explained by the fact that the Shore region also had a greater percentage of day trippers than any other region.

Greater Atlantic City had the most overnight trips with 11.1 million and also led in travel expenditures with \$7.5 billion. Gateway was second in overnight trips with 6.5 million and second in expenditures with \$5.7 billion. The Delaware River region had 21 million person trips and \$2.3 billion in travel expenditures, placing it fourth in both categories. The Southern Shore

and Skylands regions followed, with Skylands having more total trips than the Southern Shore but fewer overnight trips and expenditures.

Per Trip Spending for Overnight Trips Greatly Exceeds Day Trip Spending

Overnight visitors tend to spend more per trip than day trippers. The following chart shows 1995 average trip expenditures by type of trip and destination region. In each region of the State, the average overnight trip can yield between three to twelve times the expenditures of the average day trip.



The Gateway region had the highest in average trip expenditure at \$190 per trip, closely followed by Greater Atlantic City at \$189 per trip. The Southern Shore region was third with an average trip expenditure of \$148. The average for the Southern Shore was higher than the other three regions in part because of its high percentage of overnight trips.

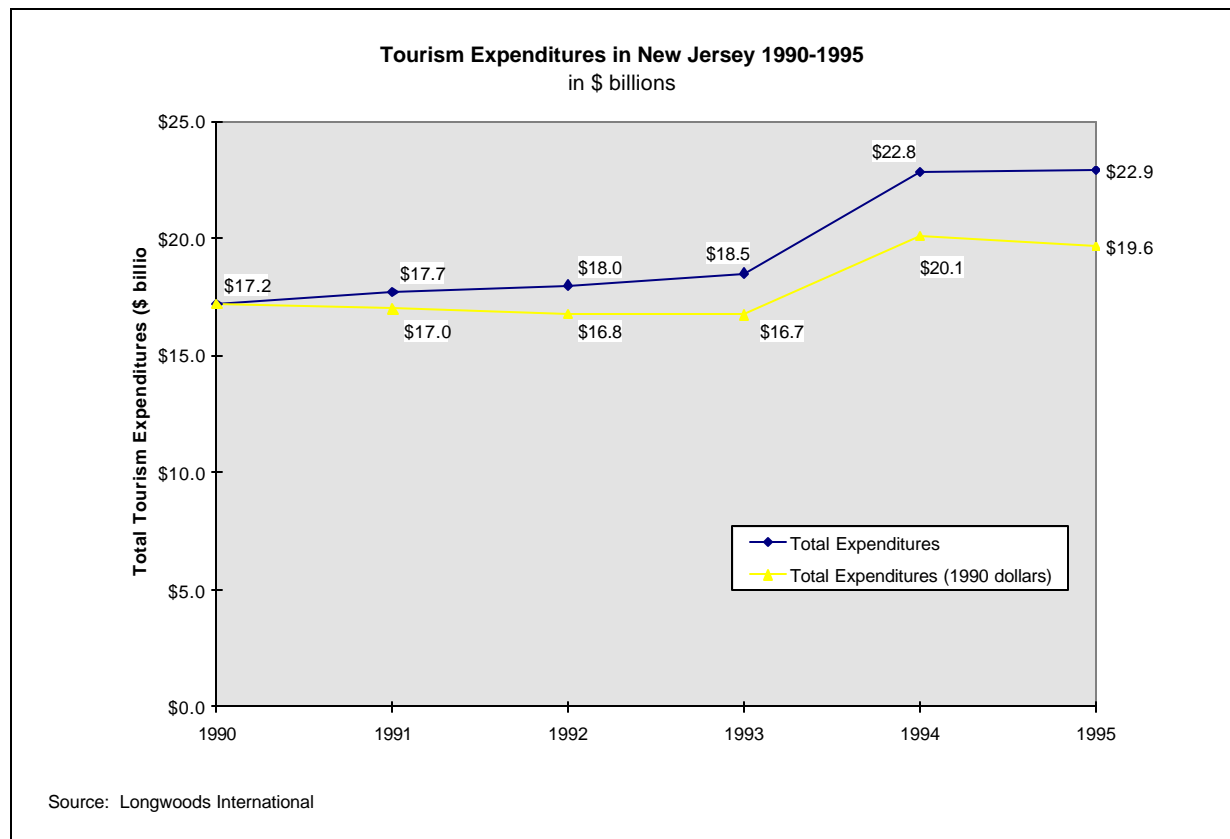
The chart shows the high yield per trip in the Gateway region. Accommodations in the region are closely tied to the New York City market, resulting in relatively higher room rates and expenditure per overnight trip. In addition, longer length of stay may be a factor in the higher overnight trip expenditures in the Gateway region. The chart also indicates that the average day trip to the Greater Atlantic City region yielded more than twice that of day trips in the other regions. This may be due to a combination of transportation, entertainment, and gaming expenditures by casino day trippers.

New Jersey's Share of Tourism Expenditures is Under Challenge

Competitive pressures, changing demographics, and changing market conditions have impacted New Jersey's ability to achieve growth in tourism spending.

New Jersey's Growth in Tourism Expenditures Has Not Kept Pace with Inflation

Total tourism expenditures in New Jersey have risen each year from 1990 to 1995, according to Longwoods International. However, when adjusted by the Consumer Price Index to account for inflation, tourism spending in New Jersey during this period actually increased only in 1994. The following line graph shows the trend in tourism expenditures in both current year and constant 1990 dollars.



Total tourism spending increased from \$17.2 billion in 1990 to \$22.9 billion in 1995. However, when adjusted by the CPI to reflect constant 1990 dollars, tourism spending decreased each year except in 1994. The dramatic increase in tourism spending in 1994 has been attributed to stronger economic conditions in the region and to New Jersey's hosting of the World Cup soccer tournament.

New Jersey's Loss of Market Share Parallels the Region

According to data from the U.S. Travel Data Center, New Jersey's share of the U.S. travel market, in terms of domestic travel expenditures, has declined from 1987 to 1994. This decline has paralleled the declining share of the eastern region states with which New Jersey competes: Connecticut, Delaware, Maryland, Massachusetts, New York, Pennsylvania, and Virginia. The following line graph illustrates this trend, with New Jersey's share of the U.S. market on the left scale and the region's share on the right.

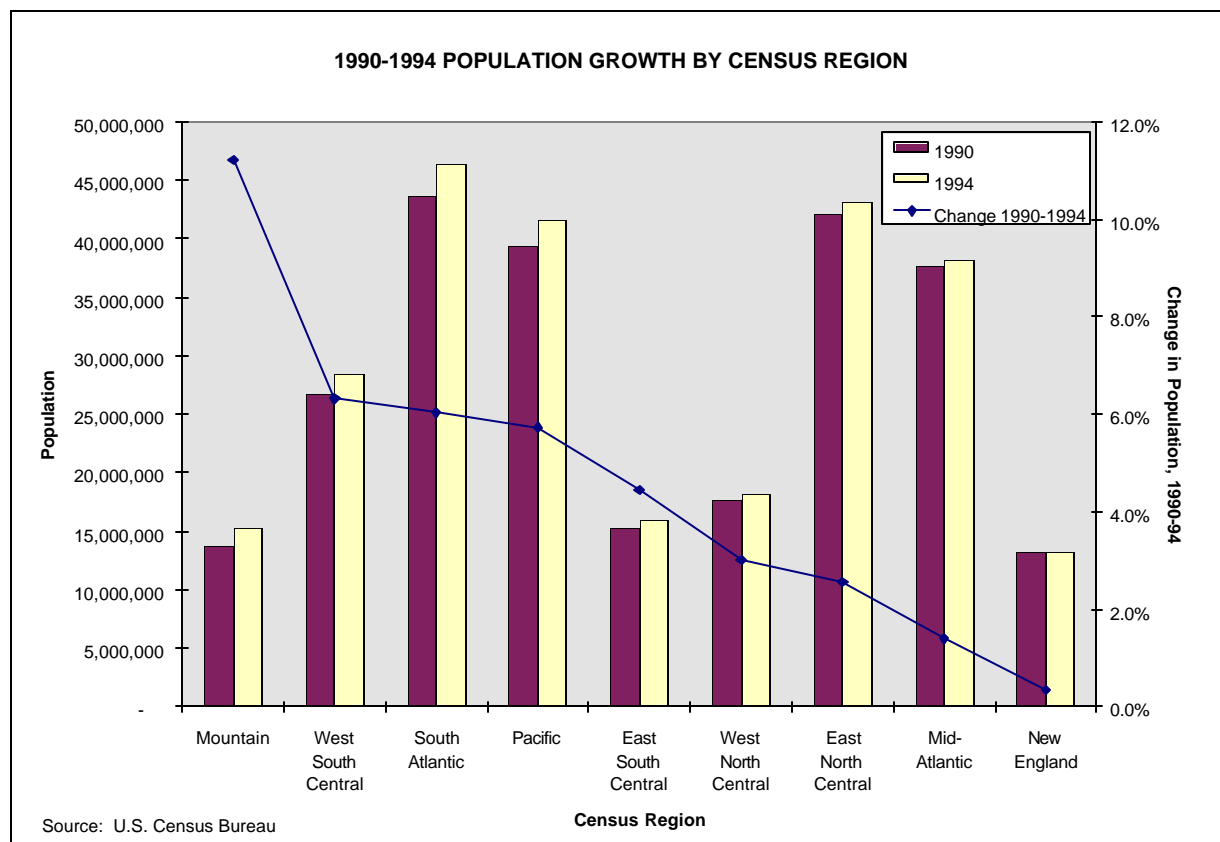


In 1987 New Jersey generated 4.8% of U.S. domestic travel expenditures. This share declined continuously to 3.3% in 1994, with a brief upswing to 3.8% in 1991. The comparable region shows a similar pattern of decline from 23.6% of national travel expenditures in 1987 to 20.4% of national expenditures in 1994. The brief gain in market share in 1991 indicates that New Jersey's travel market was not affected by the recession to the extent that other travel markets were. Also, New Jersey may have benefited from the Gulf War which influenced many tourists to stay closer to home.

Changing Regional Demographics are Impacting New Jersey's Markets

A key factor in this relatively declining market is the limited population growth experienced in New Jersey's primary market regions. Population is a strong indicator of travel markets because automobile trips of fewer than 300 miles round-trip continue to be the most common method of travel. As population centers shift, the drivable travel markets shift. Also, changes in population alter the location of friends and family to visit, centers of commerce and business travel, and the development of new attractions.

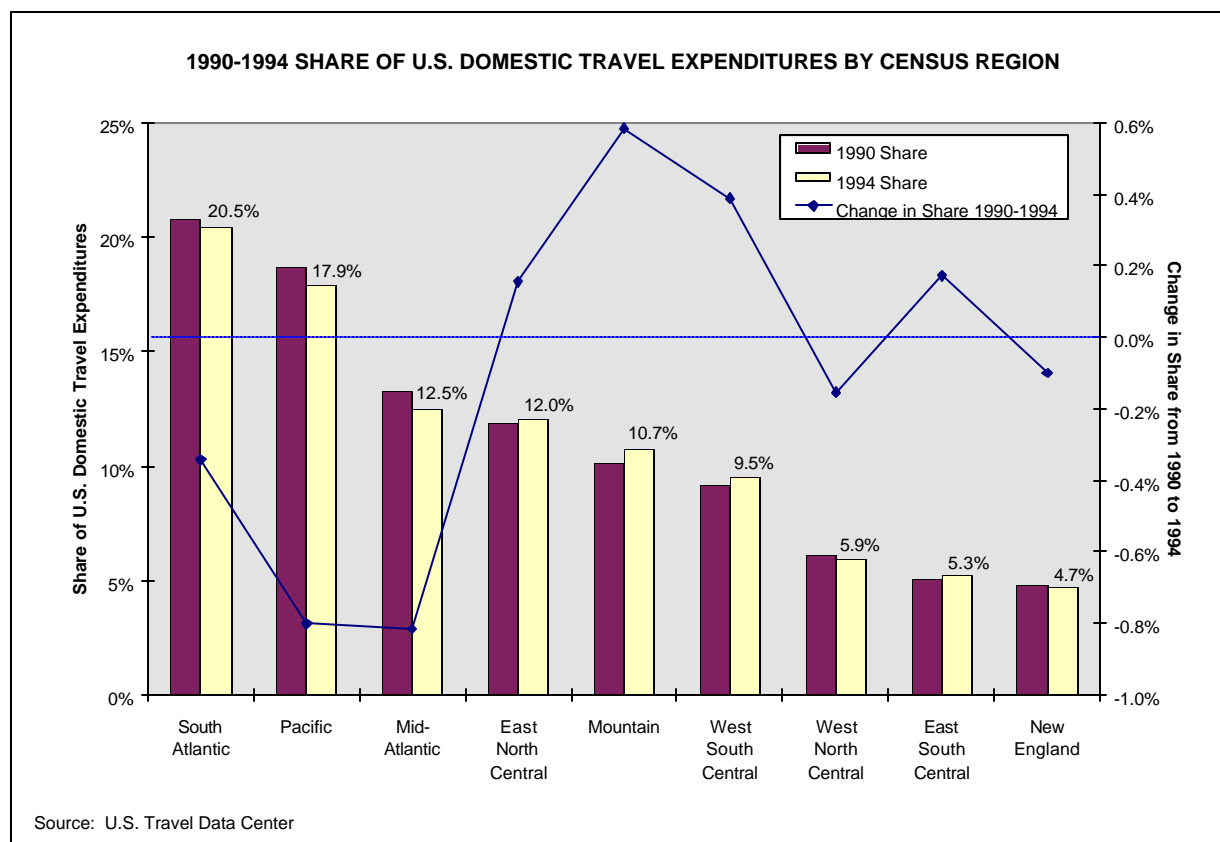
The U.S. Census Bureau has defined nine geographical regions: New England, Mid-Atlantic, South Atlantic, East North Central, East South Central, West North Central, West South Central, Mountain, and Pacific. New Jersey is in the Mid-Atlantic region with New York, and Pennsylvania. Massachusetts and Connecticut are included in the New England region, while Delaware, Maryland, and Virginia are contained in the South Atlantic region. The following bar chart shows that population growth between 1990 and 1994 has been centered in the southern and western regions of the U.S. The Mountain region has had the highest percentage growth.



New Jersey's primary markets have been in the Mid-Atlantic and New England regions. While the Mid-Atlantic remains the fourth most populated region, it experienced only 1.4% growth during this period. New England remains the least populated census region and experienced only 0.3% growth during this period.

The Mid-Atlantic and New England Regions Have Lost Market Share

Analysis of U.S. Travel Data Center data indicates that New Jersey's traditional markets, the Mid-Atlantic and New England, have been losing share in the market for U.S. domestic travel expenditures. The column chart below shows the market share in 1990 and in 1994 for each census region and the line graph indicates the change in market share over the period.

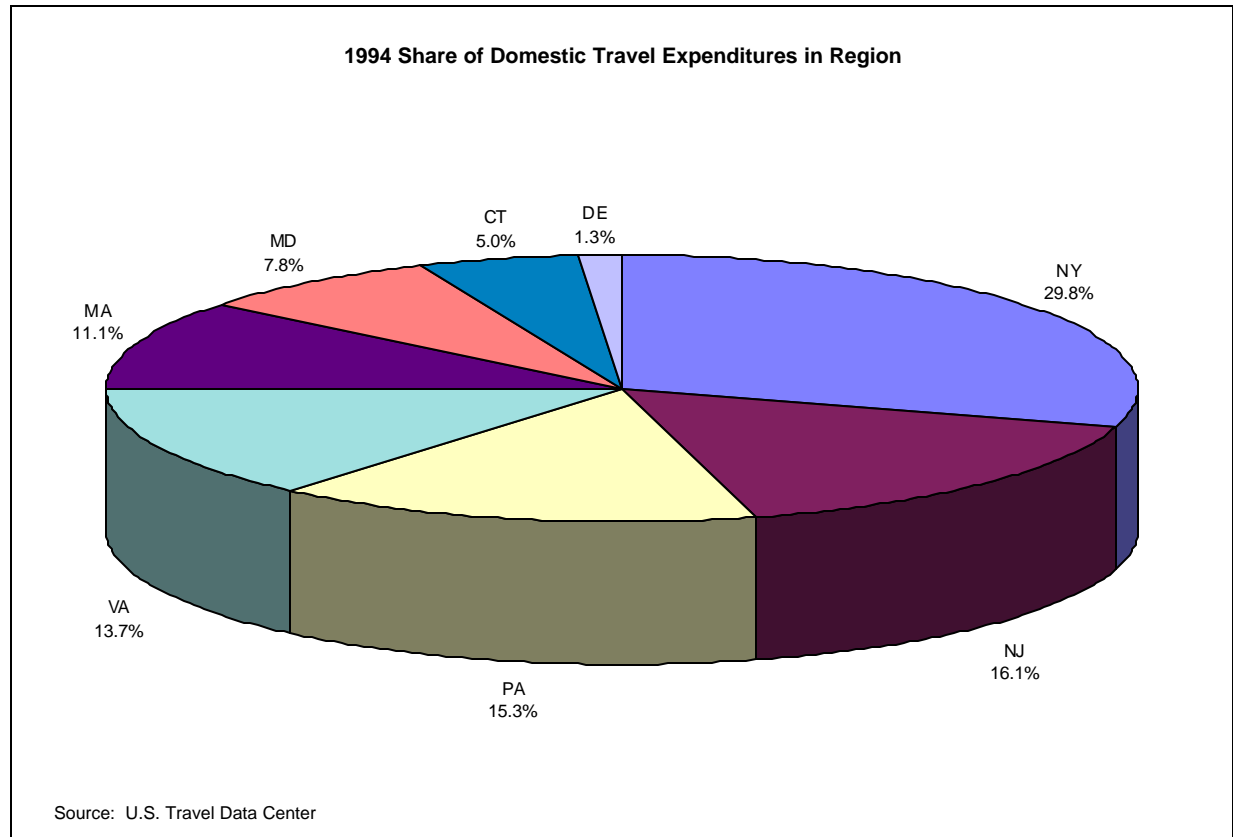


Between 1990 and 1994, the South Atlantic, Pacific, and Mid-Atlantic regions remained the top three census regions in their share of U.S. domestic travel expenditures. However, each of these regions lost market share during this period. The East North Central, Mountain, West South Central, and East South Central regions all increased their share of the market between 1990 and 1994. The Mountain region had the largest increase in market share over the period, moving from 10.2% share in 1990 to 10.7% share in 1994.

As described earlier, New Jersey and its regional partners are losing market share to growth in the West and South.

New Jersey Competes Well Within the Region

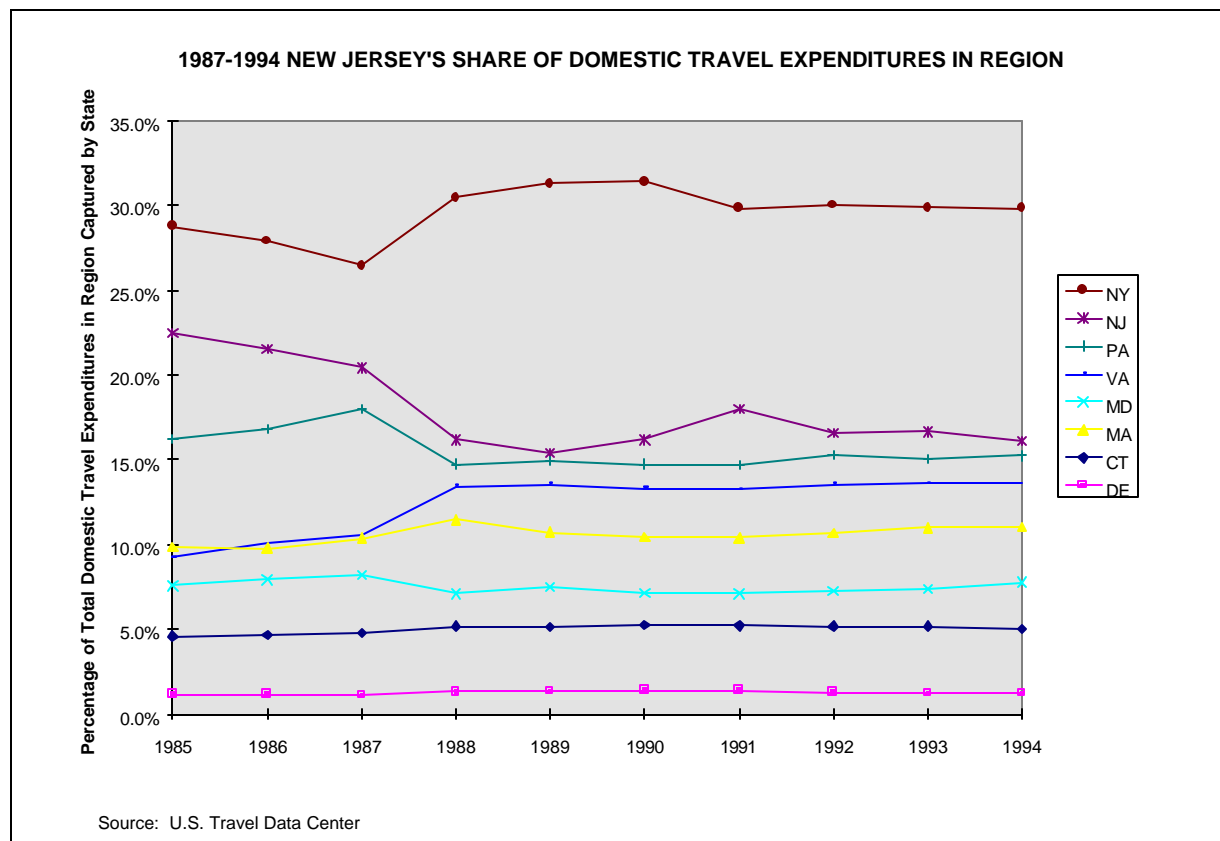
Within the region, New Jersey has performed well in capturing its share of the domestic tourism expenditures. The following pie chart shows each competitor state's share of the total domestic travel expenditures which occurred in the region in 1994.



In 1994, New Jersey ranked second in regional market share with 16.1% behind New York which captured 29.8% of domestic travel expenditures in the region. Pennsylvania was New Jersey's closest competitor with 15.3% market share.

New Jersey has Lost Market Share to New York and Virginia

Analysis of the historical data shows that while New Jersey has remained second amongst regional competitors throughout the period 1985 to 1994, it has lost market share to New York and Virginia. The following line graph illustrates the trends in regional competition from 1985 to 1994.



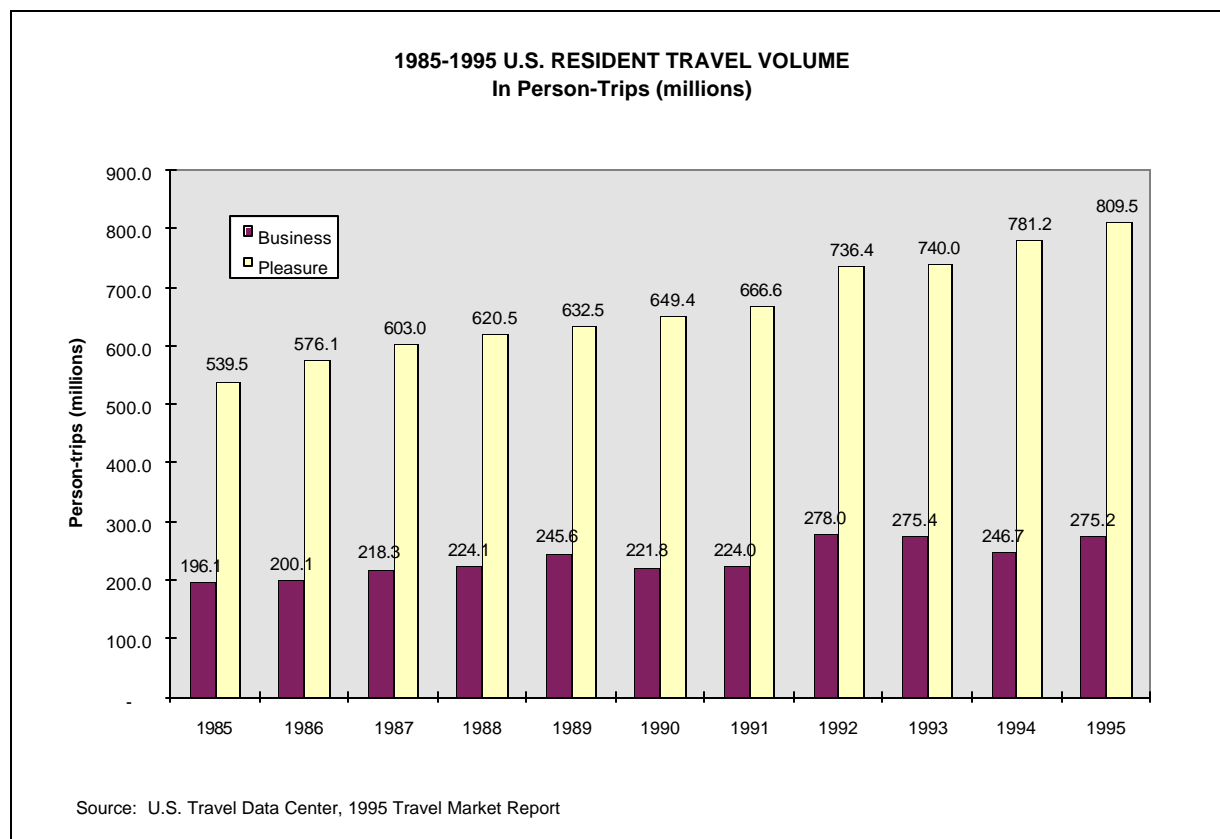
New Jersey has remained second in the region in market share between 1985 to 1994, but the State's share declined from 22.5% in 1985 to 16.1% in 1994. New York has maintained lead market share throughout the period, fluctuating between 28.8% in 1985 to 29.8% in 1994. Pennsylvania has consistently ranked third, capturing 16.2% in 1985 and 15.3% in 1994. Virginia began the period with a fifth place share of 9.2% in 1985, increased market share in 1988 and has maintained a fourth place ranking since with 1994 market share of 13.7%.

The data also shows clearly competitive relationships between New Jersey, New York and Virginia. In 1988, New Jersey lost market share to increases by New York and Virginia. In 1991, New Jersey increased market share, primarily at the expense of New York. Interestingly, the historic market share relationship between New Jersey and Pennsylvania has not been competitive, both states appear to have shared their fortunes in competition with New York and Virginia.

B. New Jersey's Tourism Markets

The National Travel Market Continues to Increase

According to the U.S. Travel Data Center, U.S. residents generated 809.5 million person trips for pleasure travel in 1995. In addition, 275.2 million person trips, or 25.4% of all person trips, were taken for business travel. The U.S. Travel Data Center defines a trip as a journey of 100 miles or more, or a trip of less than 100 miles involving an overnight stay in a commercial residence.



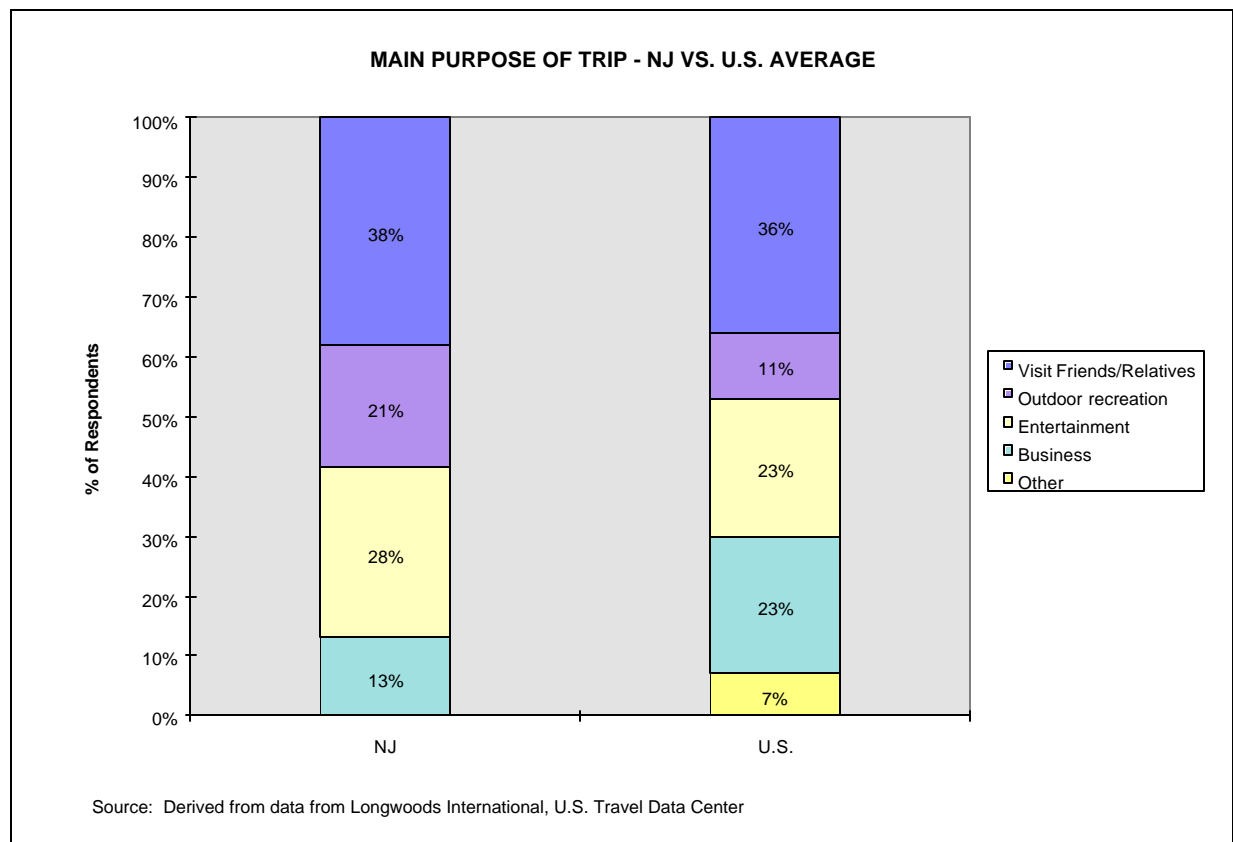
Between 1985 and 1995, the number of person-trips for pleasure by U.S. residents increased by 50% with an average increase of 4.2% per year. In the same period, the number of person-trips for business by U.S. residents increased by 40% with an average increase of 3.9% per year. However, the annual change in business person-trips was more volatile than that in the pleasure market, ranging from a one year increase of 24.1% in 1992 to a decline of 10.9% in 1994. The sharp increase in 1992 is explained by “fare wars” in the airline industry. Airfare increased only 0.1% that year, compared to 3% inflation overall.

New Jersey's Domestic Markets

New Jersey primarily serves a regional drive market with visitors coming from in-state, New York, and Pennsylvania for pleasure and business travel.

New Jersey Primarily Serves the Pleasure Travel Market

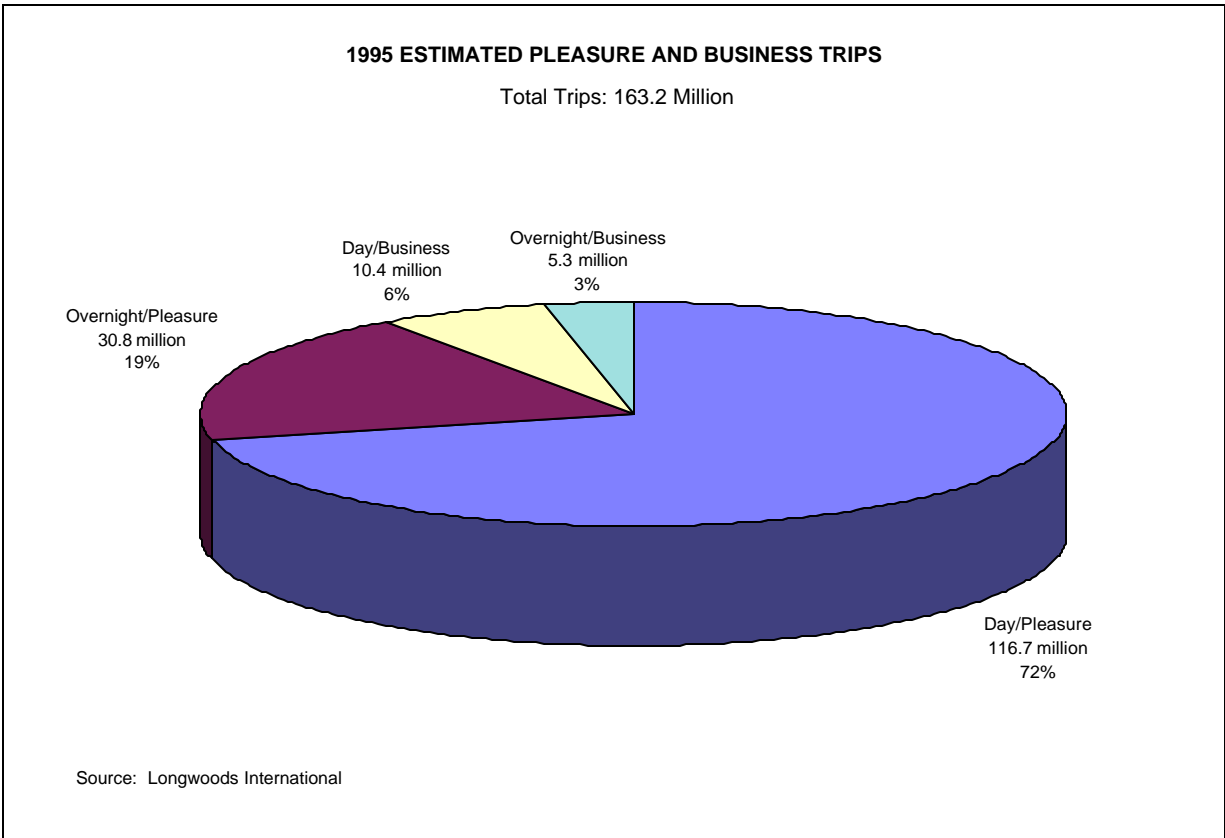
According to the state's annual market research program, 90% of NJ trips are for pleasure and only 10% of trips are for business purposes. This is a significant difference from the national average of 75% pleasure and 25% business. The following chart shows the percent of NJ visitors by main purpose of their trip, and compares this distribution to the national average.



In New Jersey, 38% of visitors come with the main purpose of visiting friends or relatives, a figure comparable to the national average of 36%. Due to New Jersey's beaches, a greater percentage of visitors to the Garden State (21%) come with the main purpose of outdoor recreation than the 11% that occurs in other states on average. Similarly, New Jersey's casino's generate a greater percentage of visitors coming for the main purpose of entertainment (28%) than other states (23%). Because New Jersey visitation is so geared towards the pleasure travel market, the percentage of New Jersey visitors that come with the main purpose of business (13%) is lower than that for other states (23%).

New Jersey is Primarily a Day Trip Market

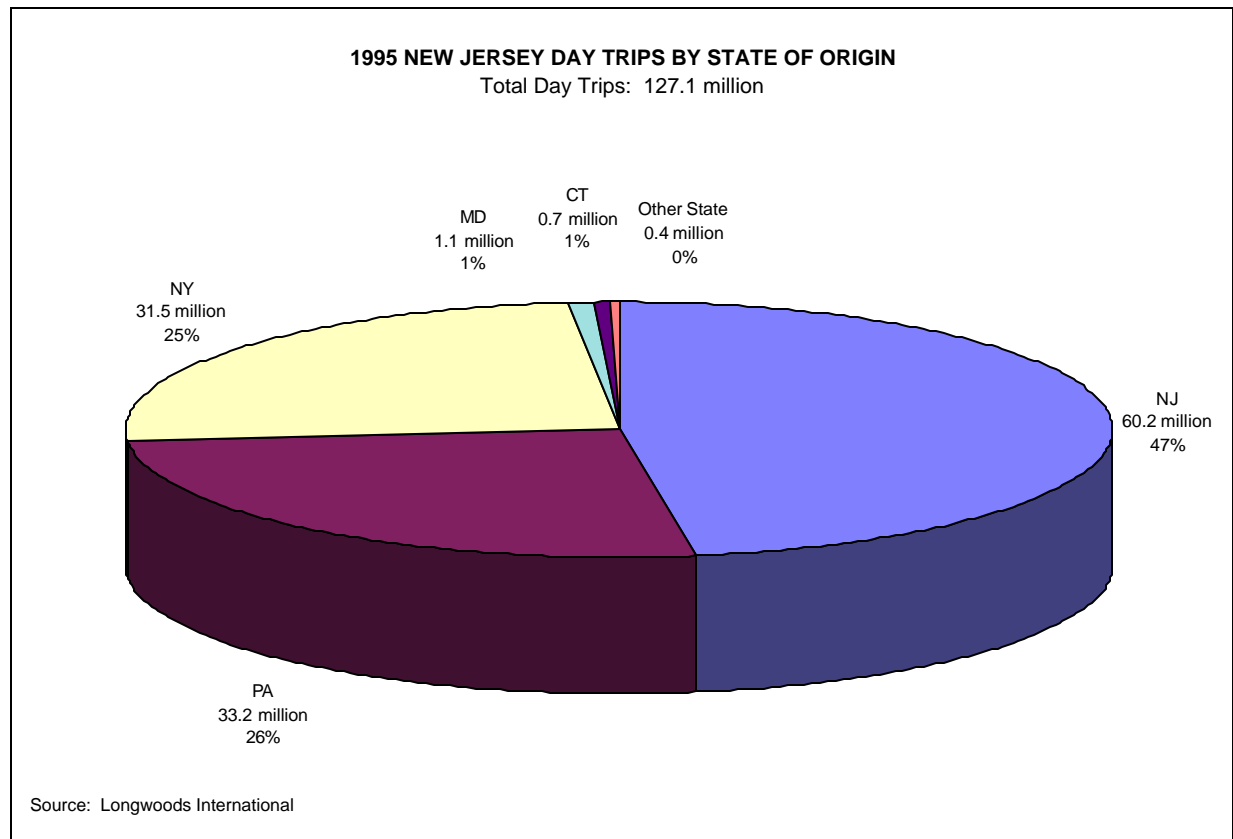
In 1995, New Jersey generated an estimated total of 163.2 million person trips. The following pie chart shows the portion of these trips that were day or overnight and that were for pleasure or business.



Of the total of 163.2 million person trips in 1995, 116.7 million, or 72%, were day trips versus overnight stays. There were 36.1 million overnight trips in 1995 with 30.8 million overnight pleasure trips and 5.3 million overnight business trips.

Day Trips are Balanced between Residents & Non-Residents

The day trip market is evenly mixed between New Jersey residents and visitors from neighboring states. The following pie chart shows the distribution of 1995 New Jersey day trip visitors by their state of origin.

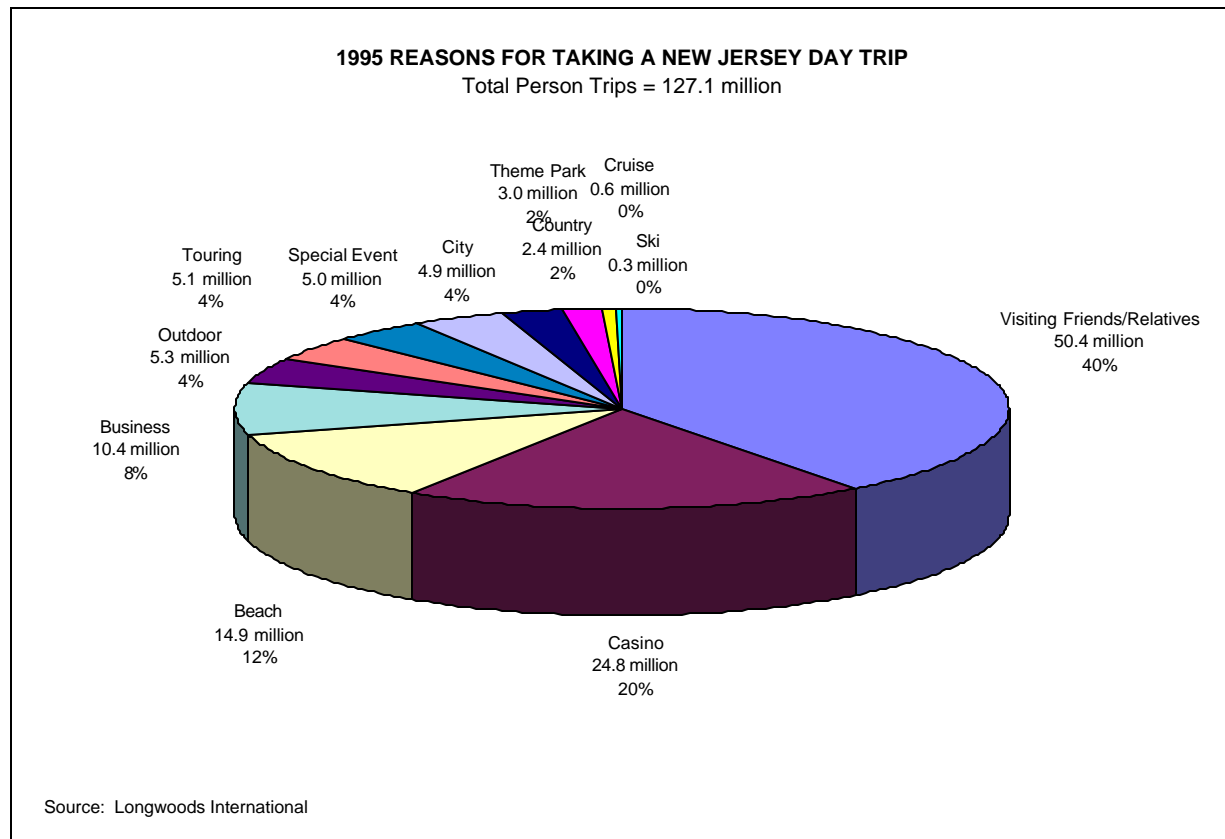


New Jersey residents accounted for 60.2 million or 47% of the 127.1 million day trips to the State in 1995. Pennsylvania and New York combined supply 51% of all day trippers into New Jersey.

Few day trips originate from Connecticut despite the short distance. This may be due to the availability of casino gaming and beach activities in-state for Connecticut residents.

New Jersey Day Visitors Primarily Visit Friends/Family, Casinos, or Beaches

Visiting friends and family, casino gaming and the Jersey shore were the most frequently stated reasons for day tripping in New Jersey. The following pie chart shows the distribution of New Jersey's 1995 day trip visitors by the primary reasons for their visit.



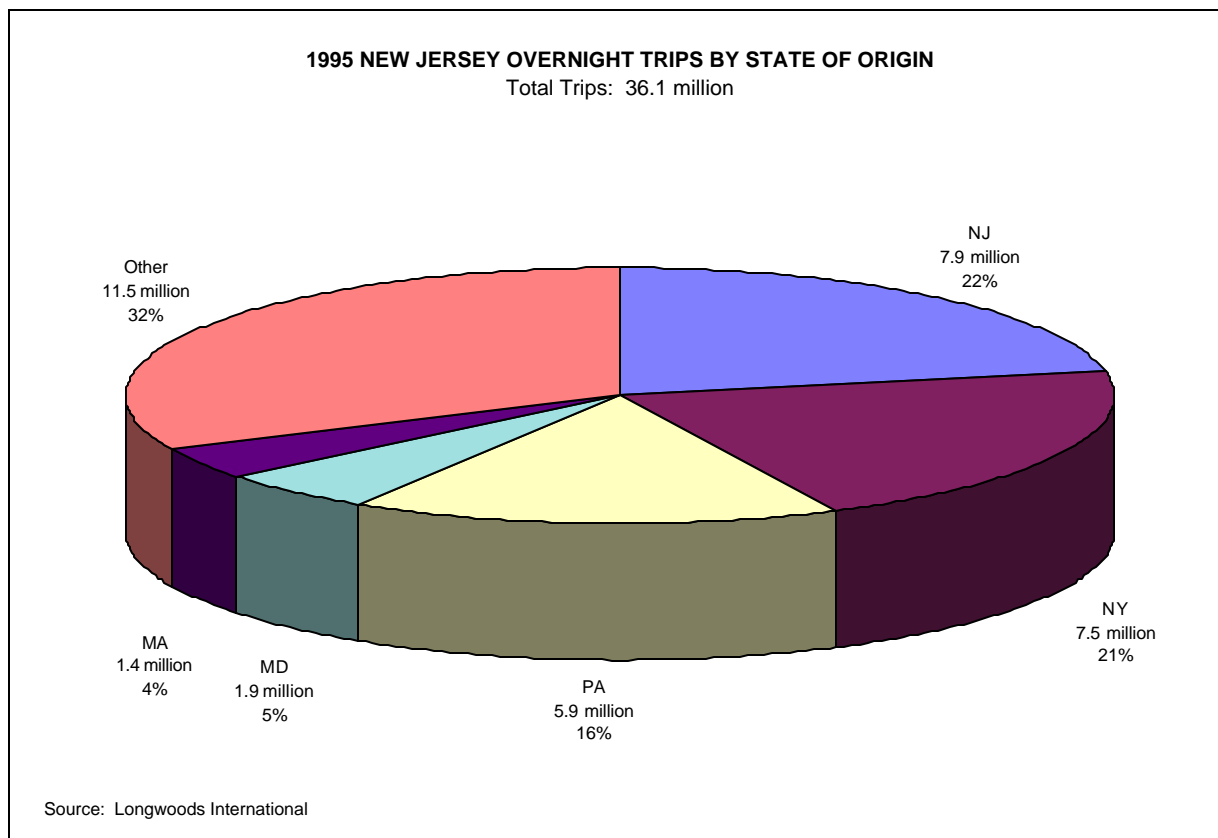
As is the case with most destinations, the most frequently stated reason for day tripping in New Jersey is to visit friends and relatives, which accounted for 50.4 million or 40% of day person trips in 1995.

Casino gaming was the second most popular day trips, accounting for 24.8 million or 20% of day person trips, followed by beach trips which generated 14.9 million or 12% of New Jersey's day person trips. Business travel accounted for 10.4 million day person trips or 8% of the 1995 total.

New Jersey's natural resources, its beaches, outdoors, country, and skiing, combined to account for 22.9 million day person trips or 18% of New Jersey's total.

New York and Pennsylvania are Major Sources of Overnight Trips

New Jersey's overnight visitors come from the same markets as the day trips. The following pie chart shows the distribution of New Jersey's 1995 domestic overnight person trips by their state of origin.

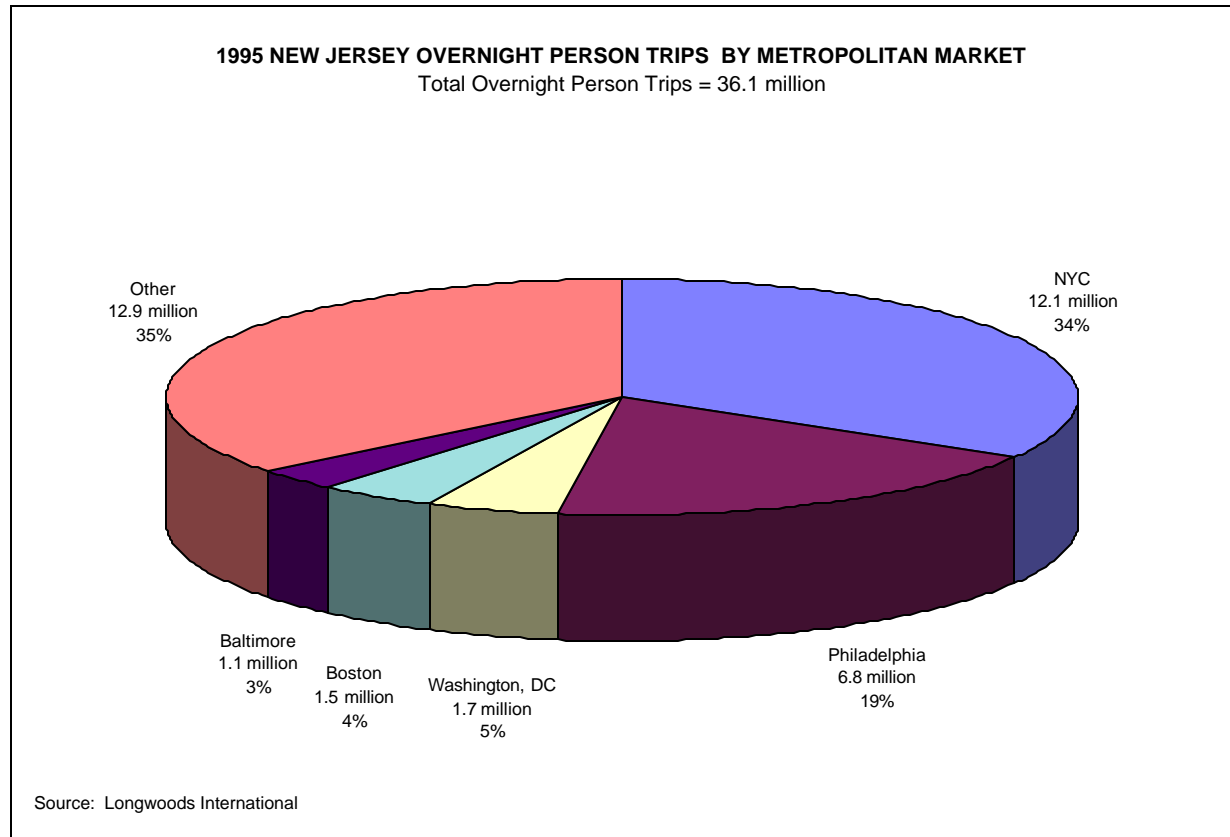


Residents account for 7.9 million or 22% of all overnight trips in New Jersey. New York and Pennsylvania provided an additional 13.4 million visitors or 37% of all overnight person trips. Maryland was the next most popular market, generating 1.9 million overnight person trips or 4% of the total, followed by Massachusetts which supplied 1.4 million or 4% of all overnight person trips to New Jersey.

The markets illustrated above have been stable over the period available. In 1993, with a major advertising campaign targeting Ohio, that state accounted for 5.6% of overnight trips to New Jersey. By 1995, without the campaign, Ohio had fallen to below 3%.

New York City and Philadelphia are New Jersey's Primary Markets

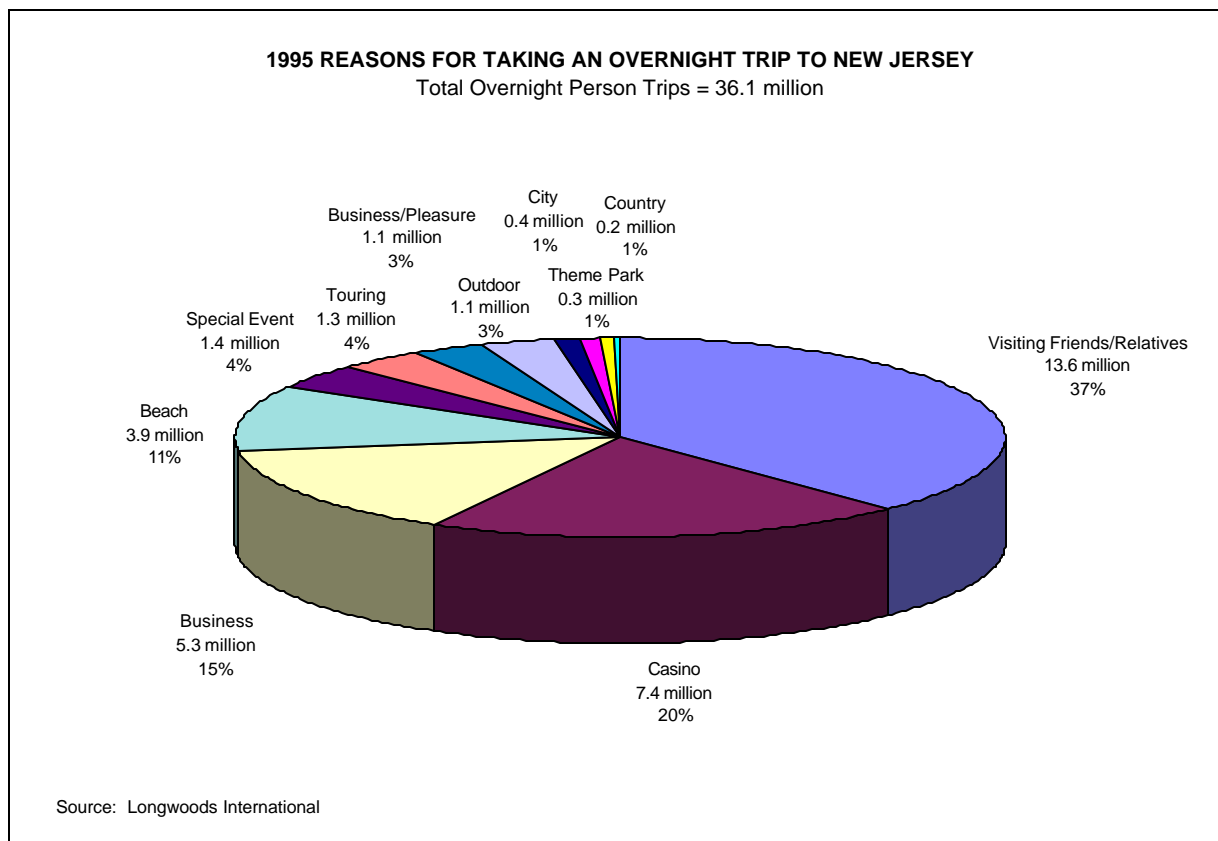
The New York and Philadelphia metropolitan markets generated 18.9 million or 53% of total overnight person trips to New Jersey in 1995. The following pie chart shows the distribution of 1995 overnight person trips to New Jersey by metropolitan market.



The New York City market accounted for 12.1 million or 34% of all overnight person trips to New Jersey in 1995 and the Philadelphia market accounted for 6.8 million overnight person trips or 19% of the total. The 7.9 million overnight person trips by New Jersey residents are included in the above pie chart in the New York City, Philadelphia and Other markets. Together, the Washington, D.C. and Baltimore markets accounted for 2.8 million or 8% of all overnight person trips to New Jersey.

Reasons for Overnight Travel to New Jersey are Similar to DayTrippers

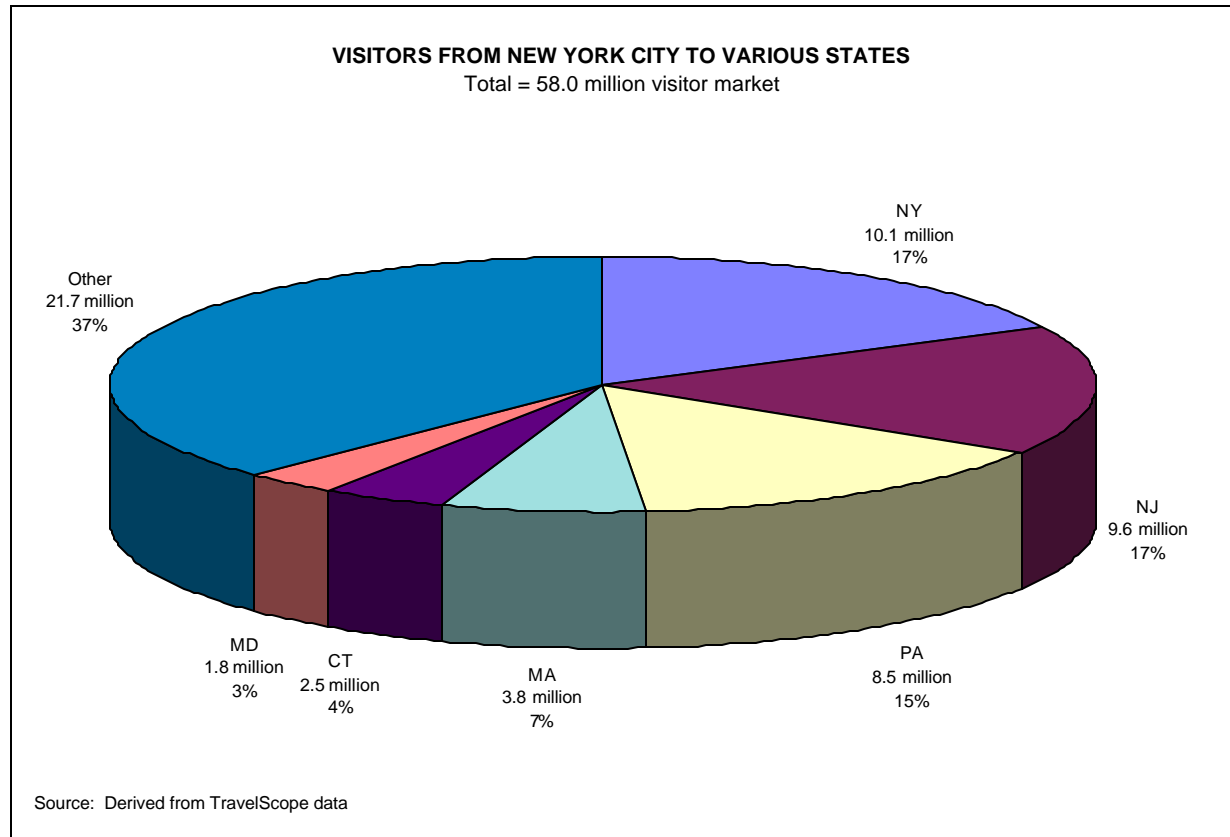
Similar to day tripping, the four most frequently stated reasons for taking an overnight visit to New Jersey were to visit friends or relatives, casino, business, or beach. The following pie chart shows the distribution of New Jersey's 1995 overnight trip visitors by the primary reason for their visit.



Visiting friends or relatives accounted for 13.6 million overnight person trips to New Jersey or 37% of the total, casino gaming generated 7.4 million overnight person trips or 20% of the total, business travel accounted for 5.3 million overnight person trips or 15% of the total, and beach trips accounted for 3.9 million overnight person trips or 11% of the total.

New Jersey has Significant Share of the New York City Market

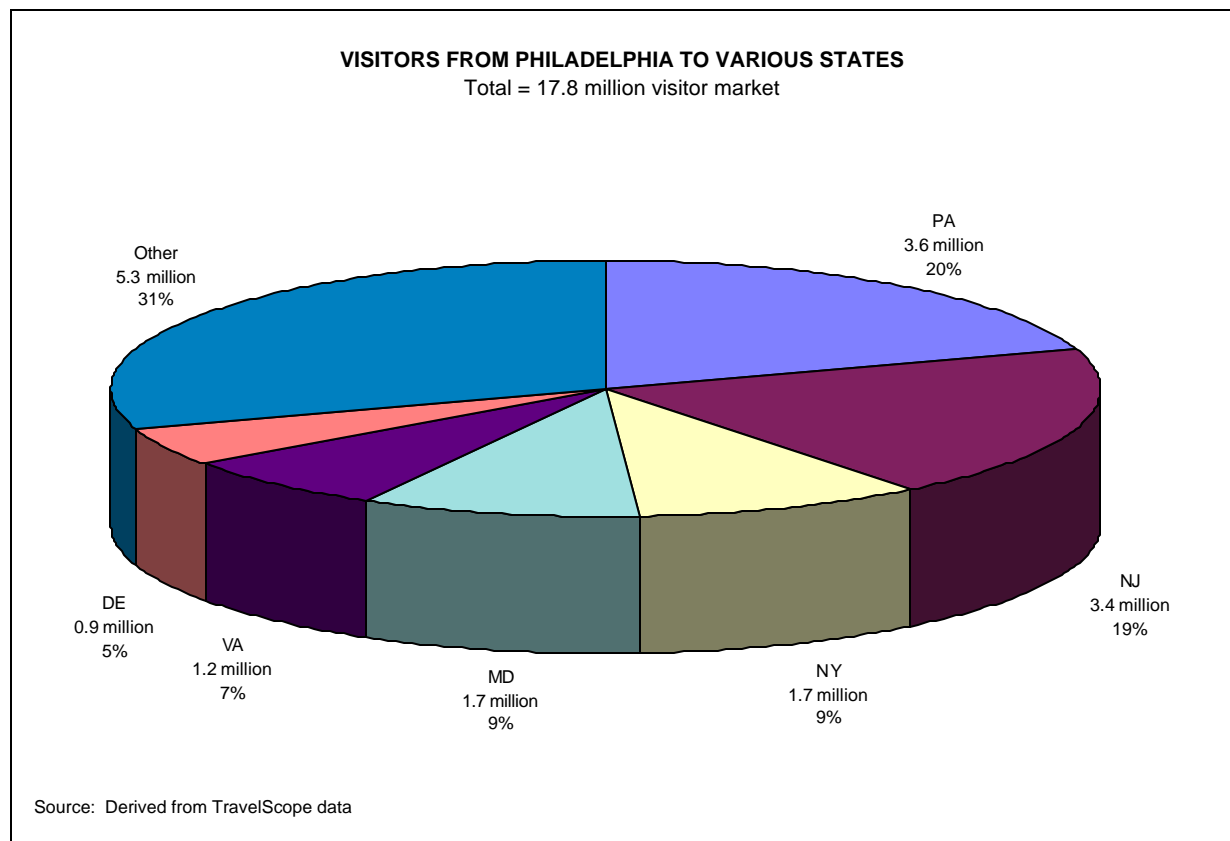
New Jersey has strong market share as a travel destination in the New York metropolitan market. The following pie chart shows the number and percentage of person trips taken by residents of the metropolitan New York area to various state destinations.



New Jersey captured 10.1 million person trips or 17% of the total 58.0 million person trips generated by New York City area residents. New Jersey's share of the New York metropolitan market is second only to New York state which achieved 10.1 million person trips or 17% share and is greater than the 8.5 million person trips or 15% share achieved by Pennsylvania.

New Jersey has Significant Share of the Philadelphia Market

New Jersey also has strong market share in the Philadelphia metropolitan market. The following pie chart shows the number and percentage of person trips taken by residents of the metropolitan Philadelphia area to various state destinations.



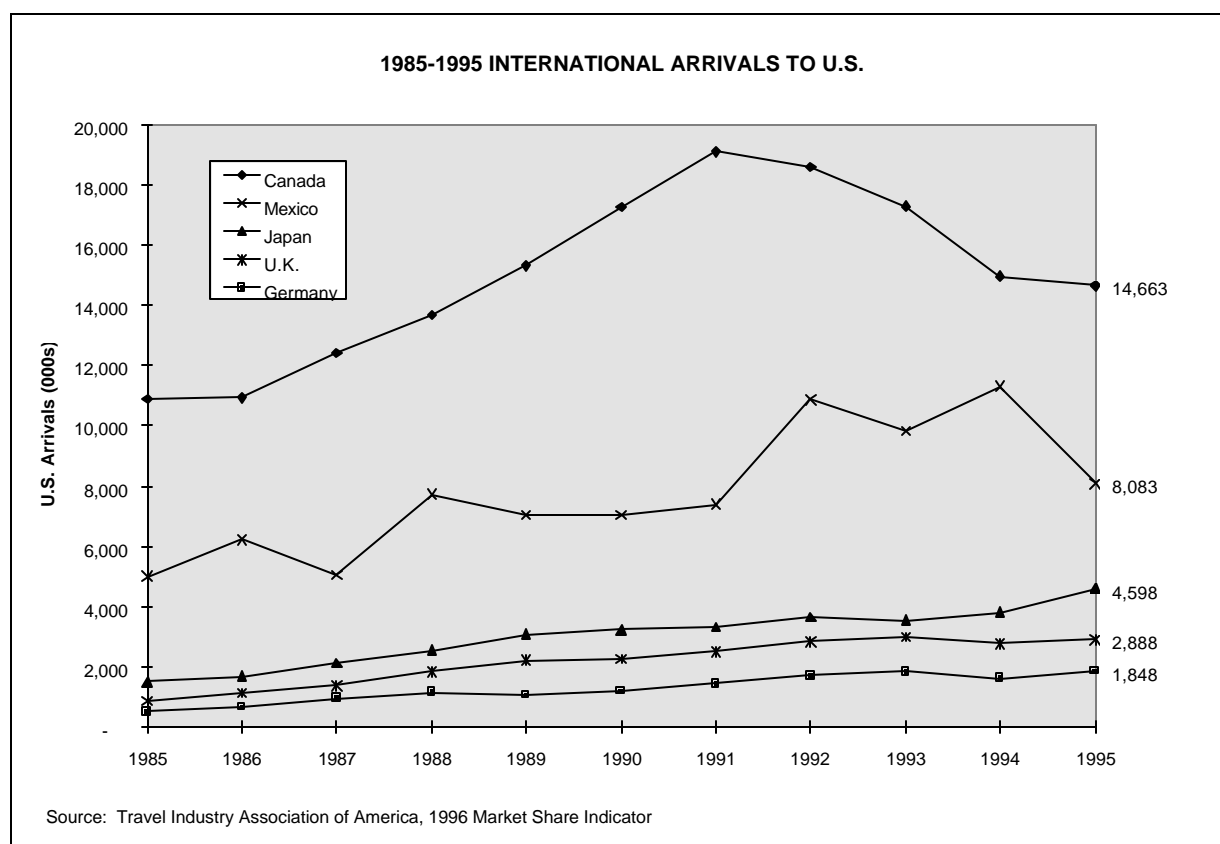
New Jersey captured 3.4 million person trips or 19% of the 17.8 million person trip greater Philadelphia market. New Jersey's share in Philadelphia was only exceeded by Pennsylvania which captured 20% of the market. New Jersey's share was significantly greater than New York which achieved 1.7 million person trips or 9% share of the Philadelphia market.

International Markets

The global tourism industry continues to grow significantly. According to the World Tourism Organization, the industry generated 567 million arrivals and \$373 billion in expenditures in 1995. International arrivals increased 4% from 1994 and 72% in the last decade, while expenditures were up 8% from 1994 and 217% in the last decade. Of this global industry, the U.S. captured 43.4 million international arrivals in 1995 and total expenditures of \$79.8 billion.

Visitation to the U.S. from Primary International Markets has Generally Increased

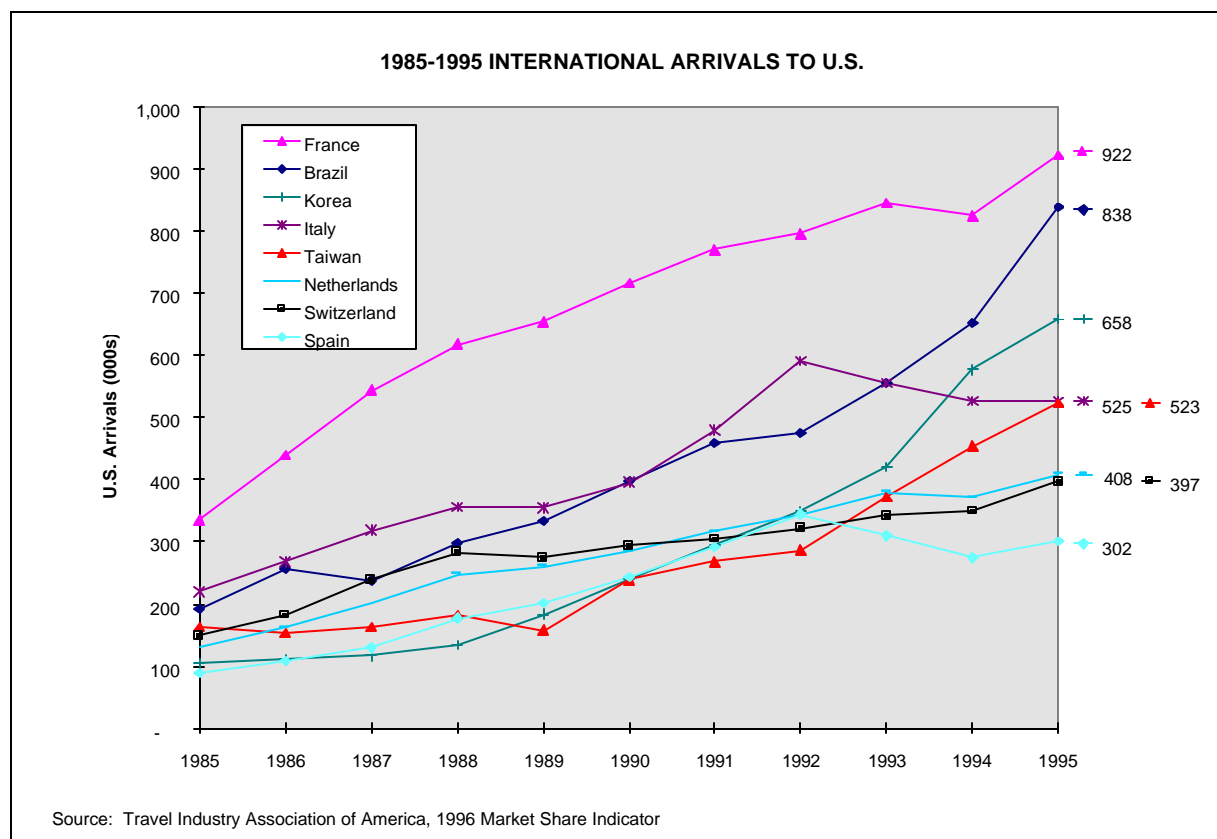
The five leading international markets for the U.S. are Canada, Mexico, Japan, the United Kingdom, and Germany. As the following line graph shows, arrivals to the U.S. have generally increased from each of these countries from 1985 to 1995.



The two largest international markets for the U.S., Canada and Mexico, have increased from 1985 to 1995, although with significant fluctuations. Canadian visitation increased consistently from 1985 to a 1991 high of over 19.0 million visitors, but has since decreased to 14.7 million visitors in 1995. Mexican visitation has fluctuated significantly, reaching a high of over 10.0 million visitors in 1994 and dropping to 8.0 million person trips in 1995. The three primary overseas markets for the U.S., Japan, U.K., and Germany have increased steadily from 1985 to 1995.

Second-Tier International Markets are Increasing

Arrivals to the U.S. have also increased from other leading overseas markets over the ten year period from 1985 to 1995. The following line graph shows the trend in international arrivals to the U.S. for these second tier markets.

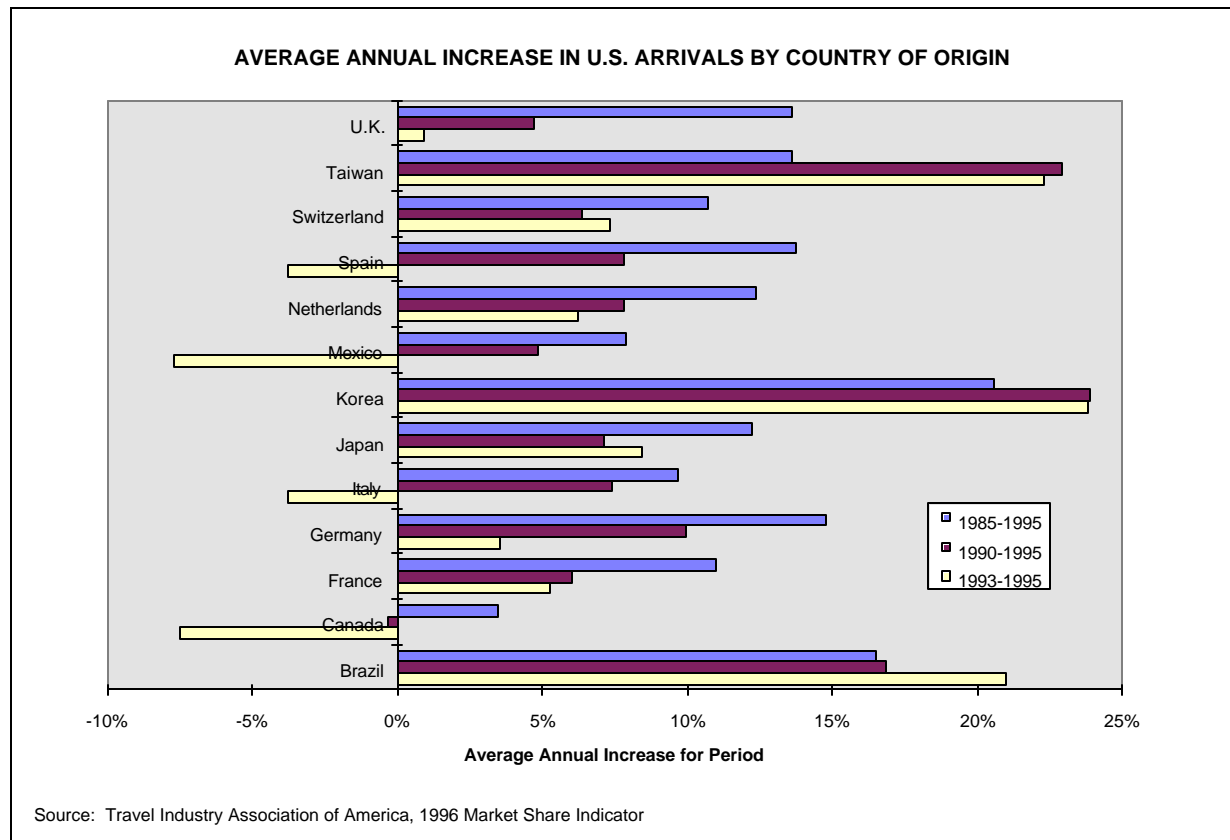


Travel to the U.S. from the second-tier European markets generally increased from 1985 to 1995. France led the second-tier European markets with 922,000 U.S. visits and increased consistently during the ten year period. Visitation from Italy increased consistently from 1985 to 1992 but declined each year from 1992 to 525,000 visitors in 1995. Visitation from The Netherlands and Switzerland increased at steady rates from 1985 to its 1995, The Netherlands reaching a high of 408,000 while Switzerland reached its high of 397,000 visits. Like Italy, visitation from Spain increased from 1985 to 1992 but then declined to 302,000 by 1995.

Travel to the U.S. from second-tier markets outside of Europe increased exponentially from 1985 to 1995. Visitation from Brazil grew significantly, surpassing Italy in 1993 as the second of the eight second-tier markets and closing the gap with France by generating 838,000 U.S. visits in 1995. Visitation from Korea also grew significantly, from seventh of the second-tier markets to third by 1993 and generating 658,000 visits in 1995. Growth in visitation from Taiwan did not start until 1989, but then grew steadily to a high of 523,000 in 1995, placing it fifth among the second-tier markets.

Developing Overseas Markets have Experienced the Highest Growth

While all of the first and second-tier international markets have generated increased U.S. visitation, their rates of growth differ significantly, some even declining in recent years. The following bar chart shows the average annual increase in visitation from each international market for the ten year period of 1985 to 1995, the five years from 1990 to 1995, and the three year period from 1993 to 1995.

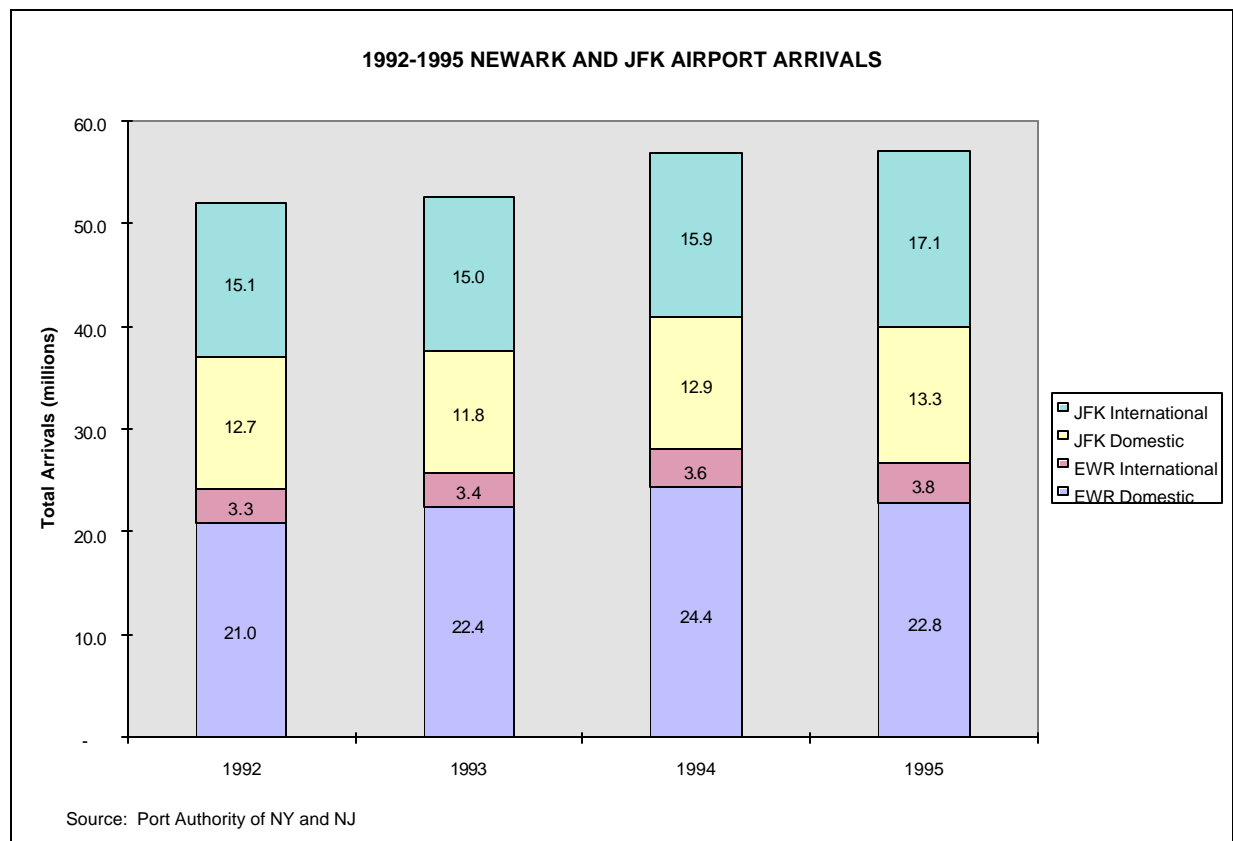


Based on this analysis, these markets can be segmented into three growth modes:

- *High Growth Markets* experienced greater annual increases in the last three years than in the last five years and the last ten years: Brazil, Korea, and Taiwan.
- *Stable Growth Markets* experienced increases in growth over the last three years comparable to that experienced in the last five years: France, Germany, Japan, Netherlands, and Switzerland.
- *Potentially Declining Markets* experienced average annual decreases in the last three years: Canada, Mexico, Italy, and Spain.

International Arrivals through Newark and JFK Airports are Increasing

Air travel to the New York/New Jersey metropolitan area has increased in recent years. The following chart shows that total arrivals at Newark (EWR) and JFK airports have increased each year since 1992.



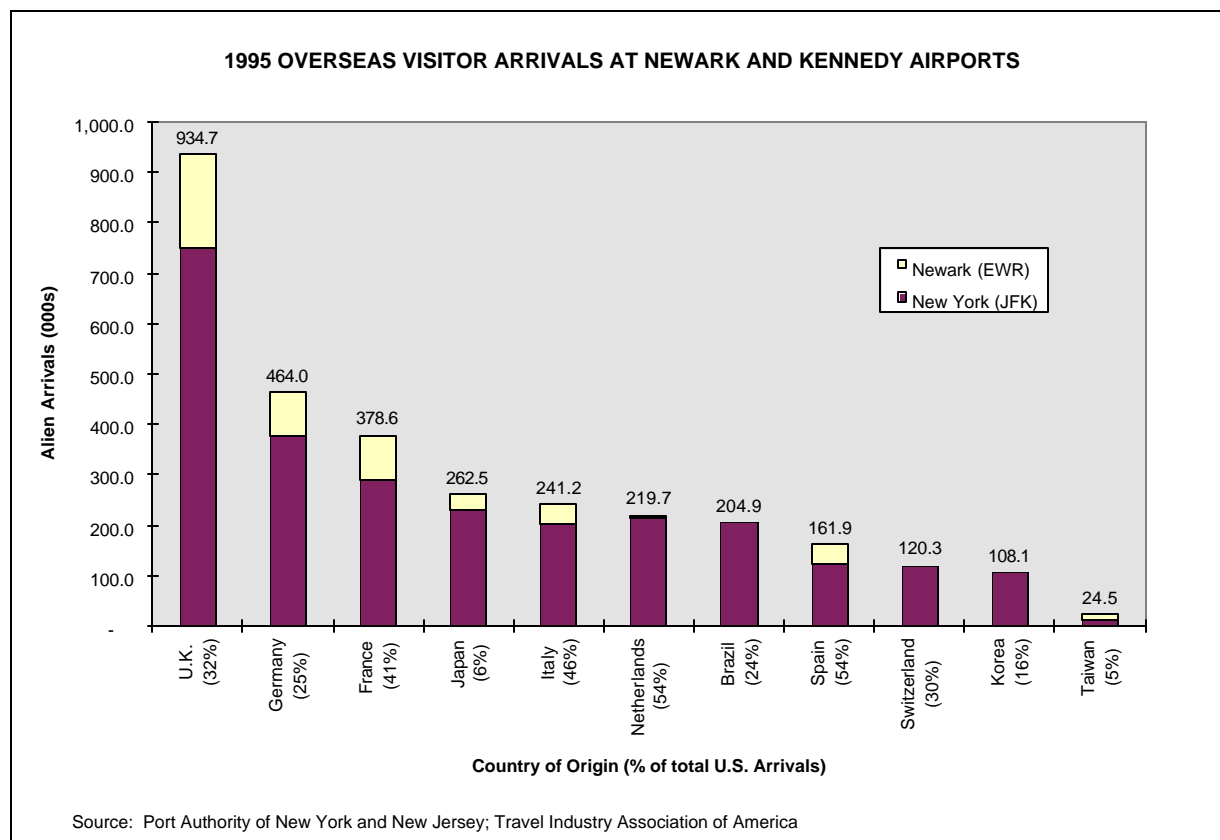
Total arrivals to EWR and JFK increased from 52.1 million in 1992 to 57.0 million in 1995.

International arrivals increased at JFK from 15.1 million in 1992 to 17.1 million in 1995 and at EWR from 3.3 million in 1992 to 3.8 million in 1995.

The Port Authority of New York and New Jersey is making improvements to the international facilities at both airports with the expectation that international arrivals through the metropolitan ports-of-entry will continue to increase.

The New York/New Jersey Airports have a Significant Share of International Arrivals

The New York/New Jersey metropolitan airports, along with Miami, are the most frequent international ports-of-entry to the U.S. The following bar chart shows the number of foreign arrivals via the JFK and Newark airports in 1995 from major overseas markets, and the percentage of total U.S. arrivals from these countries which these airports represent.

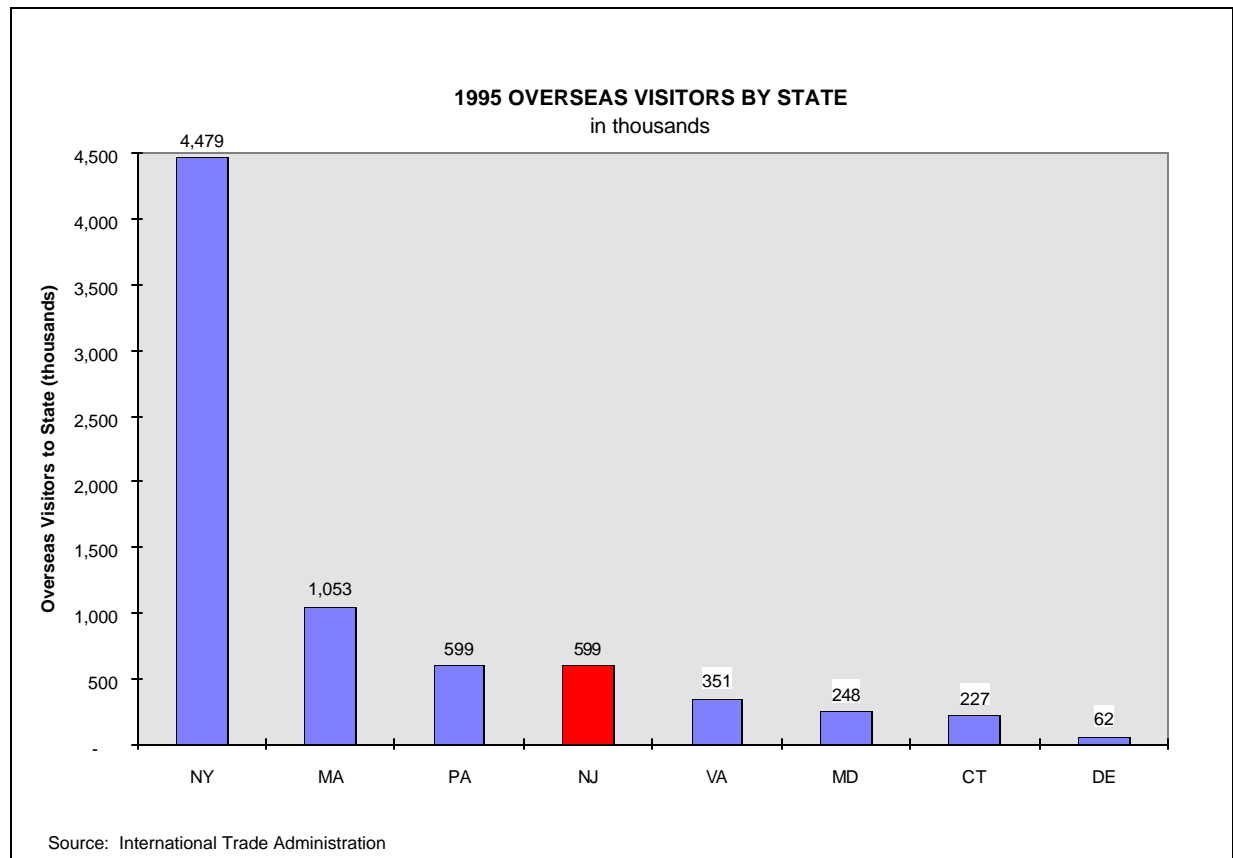


International arrivals to Newark airport are primarily from the European markets. While JFK arrivals are also primarily European, the airport does capture a significant number of arrivals from the Asian and Brazilian markets.

In terms of market share, the New York/New Jersey airports dominate the European markets, capturing 32% of all U.S. arrivals from the United Kingdom, 25% from Germany, 41% from France, 46% from Italy, 54% from The Netherlands, 54% from Spain, and 30% from Switzerland. Given that the geography favors the Los Angeles and San Francisco ports-of-entry, the region's penetration of the Asian markets is significantly lower than that of the European markets: 6% of Japanese arrivals, 16% from Korea, and 5% from Taiwan. While the geography similarly favors the Miami port-of-entry, the region's 24% penetration of the Brazilian market is a significant achievement and opportunity.

New Jersey is not Fully Capitalizing on the Region's International Air Traffic

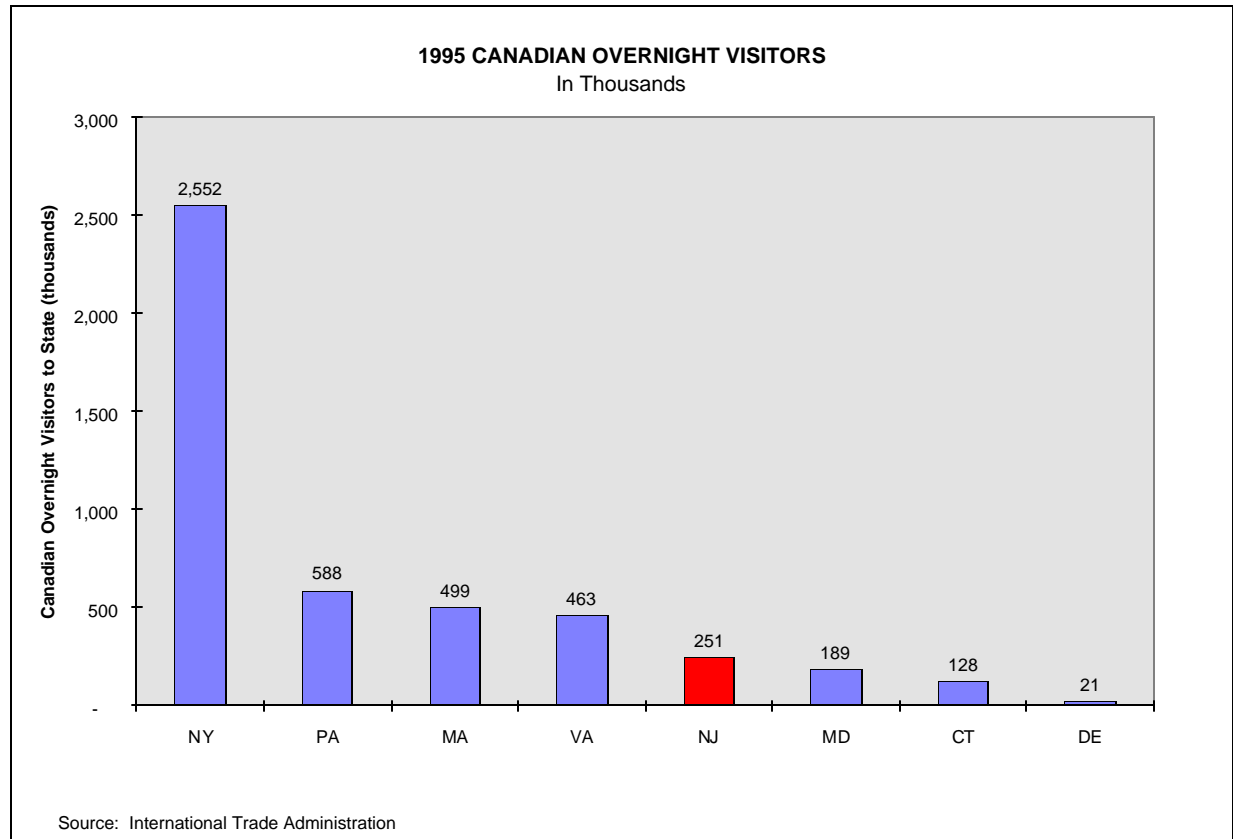
The fact that so many international visitors to the U.S. arrive via the New York/New Jersey airports represents a significant opportunity to increase international visitation to New Jersey. The following bar chart shows that New Jersey is not capitalizing on this important opportunity to the extent that New York does.



New York dominated all regional competitors in 1995 with 4.2 million overseas visitors. New Jersey ranked fourth of the eight states, nearly tying Pennsylvania with 0.5 million overseas visitors.

New Jersey is Underperforming Competitors in the Canadian Market

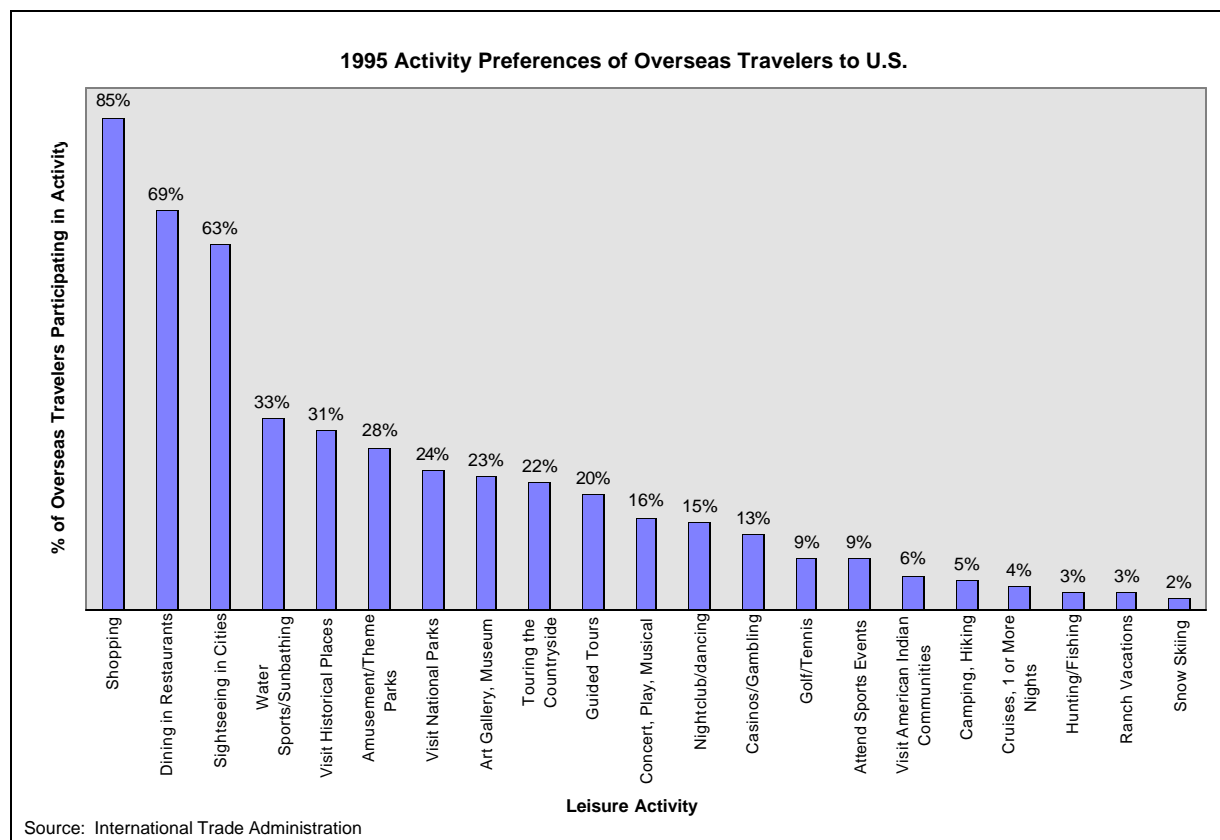
Canada represents the largest international market for U.S. tourism and the closest international market for New Jersey. The following bar chart shows the number of overnight visitors from Canada in 1995 in New Jersey and its regional competitors.



New Jersey ranked fifth among the eight regional competitors, capturing only 251,000 Canadian visitors in 1995. Clearly, New York has capitalized on its considerable geographic advantage, capturing 2.6 million overnight Canadian visitors. However, New Jersey similarly has a geographic advantage over Virginia, yet it lagged that state's 463,000 Canadian visitors.

Overseas Visitor Activity Preferences Point to Opportunities for New Jersey

The activity preferences of overseas visitors to the U.S. contribute to New York's dominance of the region in terms of international visitation and reveal opportunities for New Jersey to increase its share of overseas visitation. The following chart shows the percentage of overseas visitors to the U.S. that participate in various leisure activities.



A majority of overseas travelers prefer shopping (85%), dining in restaurants (69%), and sightseeing in cities (63%). Of these primary activity preferences, New Jersey's current assets position it to compete better for the shopping visitor than for the dining or urban sightseeing visitor.

New Jersey's current assets position it to do well with the "second tier" preferences shown on the chart: water sports/sunbathing (33%), visiting historical places (31%), amusement/theme parks (28%), and visiting national parks (24%).

Interestingly, only 13% of overseas visitors to the U.S. attend casinos or gamble, the thirteenth-most popular activity. New Jersey's prime tourism revenue generator may be less of a factor in penetrating international markets.

C. New Jersey's Tourism Assets

New Jersey's tourism assets can be classified into two primary categories:

- **Products**, which attract tourists to a destination, include sports and recreation facilities, science and nature attractions, parks, historical and cultural sites, events, entertainment facilities, destination resorts, restaurant districts and convention centers.
- **Services**, which support visitors, include non-destination restaurants, hotels, inns, campgrounds and meeting facilities. In addition, services include transportation infrastructure, such as roadway networks, train, bus, and air transportation, roadside services and signage, and information infrastructure, such as 1-800-JERSEY7 and tour operators.

Strategic Issues

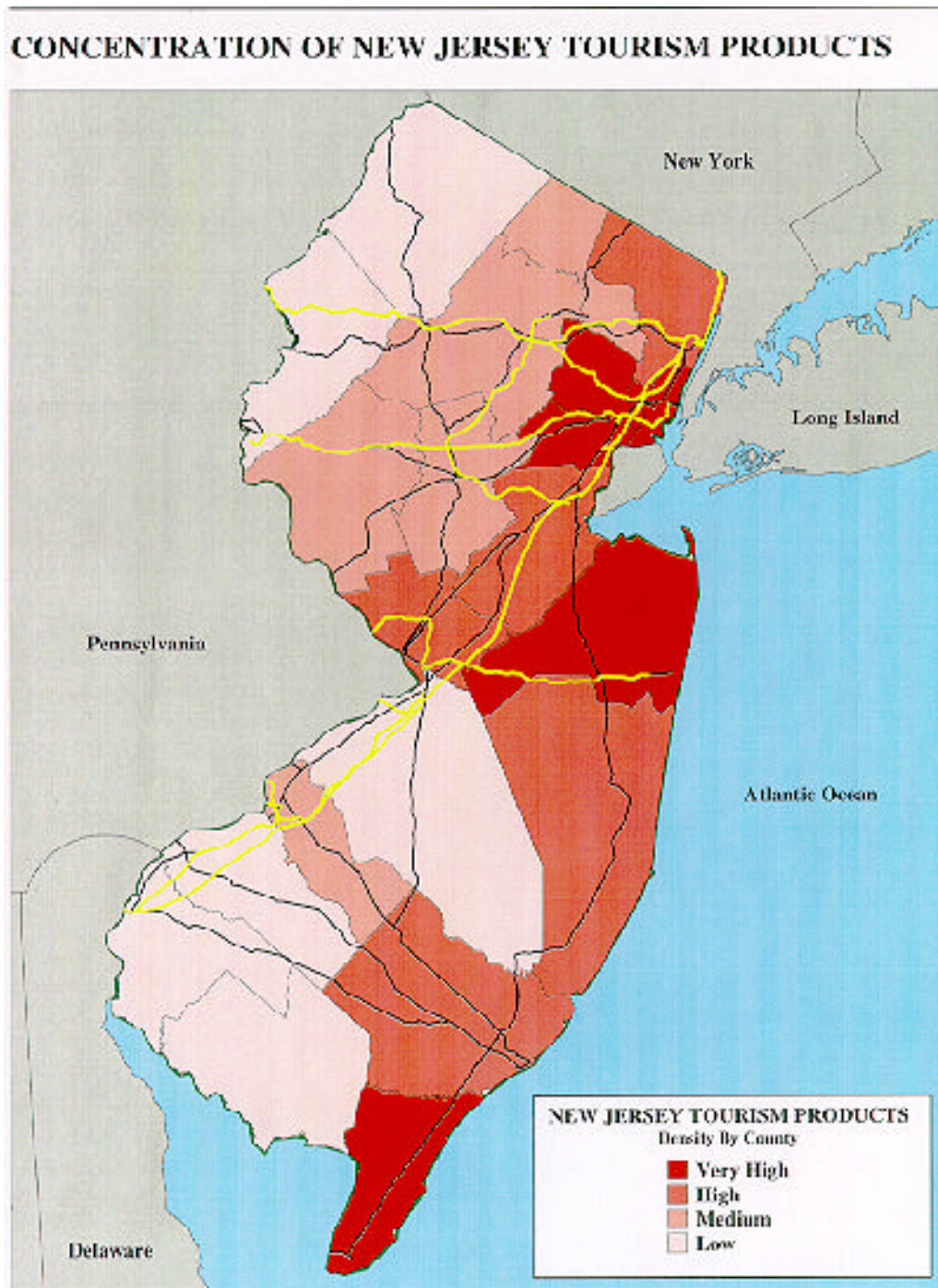
Several strategic issues emerged concerning the quantity and quality of New Jersey's tourism assets, based upon the master planning roundtable discussions, industry interviews, and analysis of the inventory of New Jersey assets.

New Jersey Offers a Diverse Set of Products Throughout the State

New Jersey offers a wide array of tourist offerings. This advantage is enhanced by New Jersey's extensive transportation infrastructure that supports access to all that the State has to offer.

The map on the following page displays the relative concentration of New Jersey tourism products by county. The highest concentrations of products are around the New York City area, Monmouth County and Cape May County. Other counties densely populated with products include Bergen, Middlesex, Mercer, and Atlantic. These locations lie along the coastal lines, primary transportation corridors and near the largest concentrations of population. While each of these areas represent obvious clusters of activity, a range of products are available throughout the state, leaving few areas excluded from the potential to expand tourism.

INSERT MAP: Concentration of New Jersey Tourism Products



New Jersey Offers Differentiating Tourism Products

There are a number of tourism products within the State that differentiate the New Jersey travel experience from that of competitor states. In almost every category of tourism product, New Jersey has a number of rich assets and some that are particularly unique:

Sports and Recreation

Skylands	U.S. Golf House and Museum
	U.S. Equestrian Team
	Vernon Valley-Great Gorge Ski Area
Gateway	Meadowlands Sports Complex
Delaware River	Mercer County Waterfront Park
Shore	Charter boats
	Gateway National Recreation Area
	Casino Fishing Pier
	Monmouth Park
	Beaches
Greater Atlantic City	Senator Frank S. Farley State Marina
	Atlantic City Race Course
	Golf courses
	Beaches
Southern Shore	Beaches

Science and Nature

Skylands	Great Swamp National Wildlife Refuge
Gateway	Liberty Science Center
Delaware River	Thomas H. Kean New Jersey State Aquarium
	Rancocas Nature Center
Shore	Island Beach State Park/Aeolium Nature Center
Greater Atlantic City	Sea Life Museum-Marine Mammal Stranding Center
	Renault Winery
	Edwin B. Forsythe National Wildlife Refuge
Southern Shore	Nature Center of Cape May
	Cape May County Park & Zoo
	Wetlands Institute and Museum

Parks

Skylands	Delaware Water Gap National Recreation Area
	Hopatcong State Park
	Round Valley Recreation Area
	Delaware & Raritan Canal State Park
	Wharton State Forest

Shore	Allaire State Park
	Ocean County Park

Greater Atlantic City	Lenape Park Recreation Center
-----------------------	-------------------------------

Historical Sites

Skylands	Morristown National Historic Park
Gateway	Grover Cleveland Birthplace
	Hermitage
	Liberty State Park/Statue of Liberty/Ellis Island
	Great Falls/National Historic Landmark District
	Edison National Historic Site

Delaware River	Historic Batsto Village
	Walt Whitman House
	Red Bank Battlefield
	Historic Morven
	Princeton University
	Rockingham Historic Site
	Washington Crossing State Park
	Old Barracks Museum
	State House

Shore	Barnegat Lighthouse
	Fort Hancock
	Navesink Twin Lights Historic Site
	Naval Air Engineering Station at Lakehurst
	Monmouth Battelfield
	Woodrow Wilson Hall
	Gugenheim Memorial Library

Greater Atlantic City	Atlantic City Boardwalk
	Lucy the Elephant
	Somers Mansion

Southern Shore	Bridgeton Historical District
	Historic Cold Spring Village
	Cape May Point Lighthouse

Elen Physick Estate

Cultural Attractions

Skylands

Village of Waterloo

Gateway

Papermill Playhouse

Minor Basilica of the Sacred Heart

Newark Museum

New Jersey Performing Arts Center

Crossroads Theatre Company

George Street Playhouse

Park Performing Arts Center

Delaware River

Heritage Glass Museum

McCarter Theater Center for the Performing Arts

Powhatan Renape Nation

Howell Living History Farm

New Jersey State Museum

Shore

New Jersey Coastal Heritage Trail

Strand Theater

Long Beach Island Foundation of the Arts and Sciences

Monmouth County Arts Council/Count Basie Theater

Ocean County Center for the Arts/The Ocean County Fine Arts Center

Greater Atlantic City

Atlantic City Historical Museum

Southern Shore

Mid-Atlantic Center for the Arts

Wheaton Village

Shopping

Skylands

Liberty Village

Gateway

Secaucus Shopping Outlets

The Mall at Short Hills

Delaware River

Cherry Hill Mall

Princeton Forrestal Village

Palmer Square

Rancocas Woods Village

Shore

Bay Village & Schooner's Wharf

Ocean County Mall

Greater Atlantic City

The Shops on Ocean One

Southern Shore

Vineland Produce Auction

Events

Skylands

QuickChek New Jersey Festival of Ballooning

Tour of Somerville

New Jersey Flower & Garden Show

	Shad Festival
	Return to Beaver Creek Pow-Wow
	Sussex County Farm and Horse Show
	Sussex Air Show
Gateway	Meadowlands Fair
	St. Ann's Italian Festival
	Newark Jazz Festival
Delaware River	Appel Farm Arts & Music Festival
	Heritage Days
	New Jersey State Fair
	Chatsworth Cranberry Festival
	George Washington Crossing the Delaware
Shore	Riverfest
	New Jersey Seafood Festival
	New Jersey Offshore Powerboat Race
Greater Atlantic City	Beach Fest
	Miss America Pageant
Southern Shore	Tulip Festival
	Wildwood International Kite Festival
	Wings 'N Water Festival
	Victorian Week
	Christmas in Cape May

Entertainment

Delaware River	Blockbuster-Sony Music Entertainment Centre at the Waterfront
Shore	PNC Bank Arts Center
	Six Flags Great Adventure
	Jenkinson's Boardwalk & Parkway
	Casino Pier
Greater Atlantic City	Atlantic City Casinos
	Ripley's Believe It or Not Museum
	Steel Pier
Southern Shore	Morey's Pier
	Nickel's Midway Pier
	Wildwood Boardwalk

Restaurant Districts

Gateway	Newark's Ironbound section
Delaware River	Trenton's Chambersburg section
Greater Atlantic City	Themed restaurants - Planet Hollywood, Hard Rock Cafe, All Star Cafe, Rainforest Cafe

Convention Centers

Skylands

Garden State Exhibit and Convention Center

Greater Atlantic City

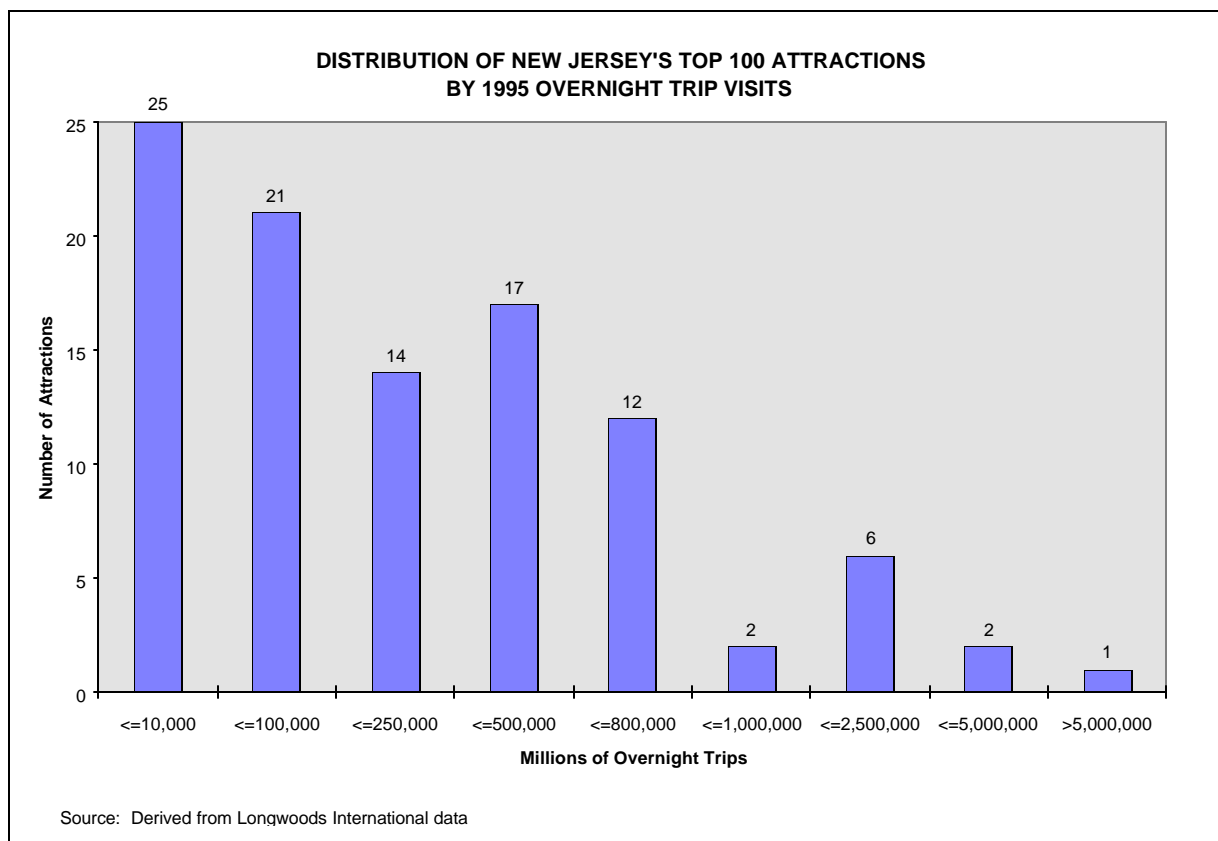
Atlantic City Convention Center

New Jersey has Three Mega-destinations and Many Smaller Visitor Products

Relative to neighboring states, New Jersey has few “mega-destinations” beyond Atlantic City Casinos, Six Flags Great Adventure and the beaches. Such destinations have a reputation and visitor drawing power that extends well beyond state boundaries. Other competitive mega-destinations in the region include:

- Beaches of Delaware and Maryland
- Cultural and Historic sites of Washington D.C., Philadelphia, New York City, and Boston
- Pocono, Adirondack and Catskill Mountains
- New York State Finger Lakes region

Instead of mega-destinations, visitation in New Jersey is primarily to destinations with lower total visitation numbers. The following column chart displays the distribution of New Jersey’s top 100 attractions by their annual visitation generated by overnight visitors.

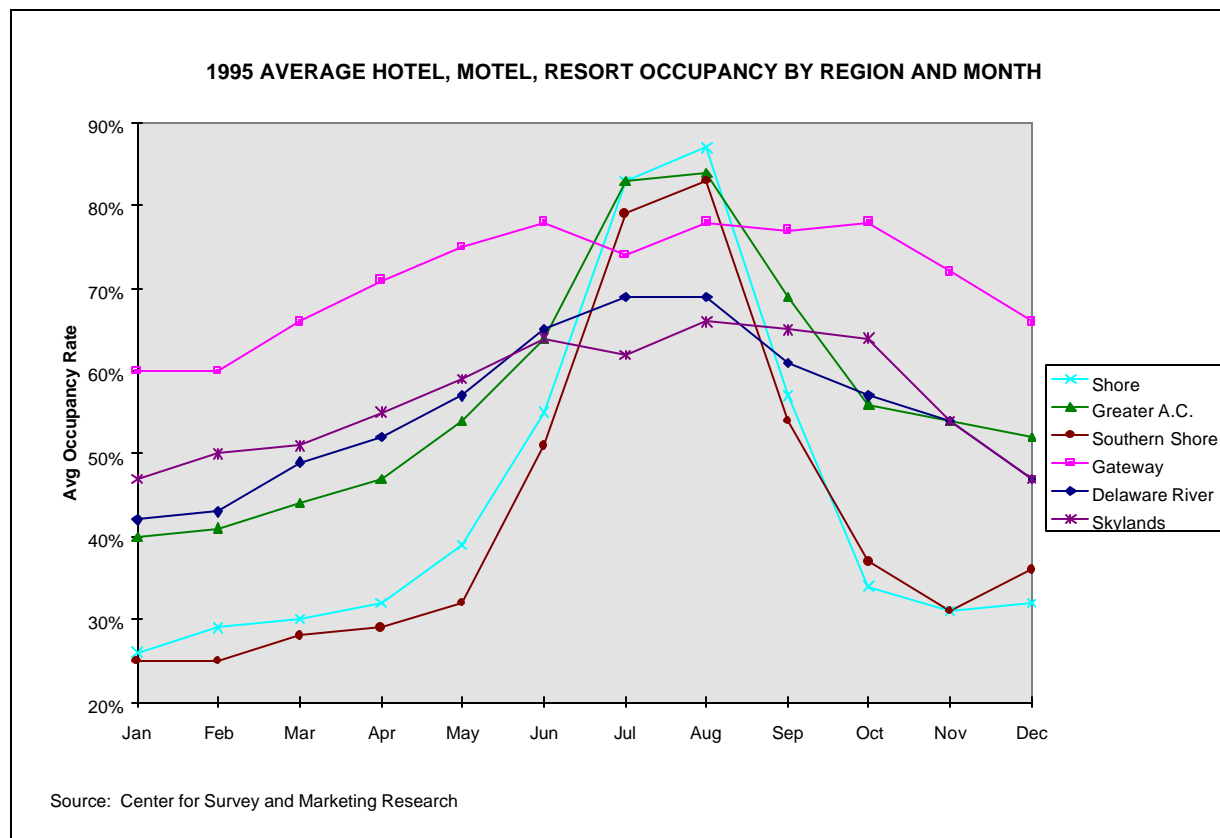


Only eleven New Jersey destinations drew greater than one million overnight visitors in 1995, and only one destination drew over five million. Twenty-five of the top 100 New Jersey destinations drew

10,000 or fewer overnight visitors in 1995. Clearly, the vast majority of attractions in New Jersey draw fewer than 10,000 visitors per year.

Seasonality Impacts New Jersey's Tourism Regions

Generally, New Jersey's tourism products are seasonal. The following line graph plots average hotel occupancy rates by month for each of the six tourism regions in 1995.

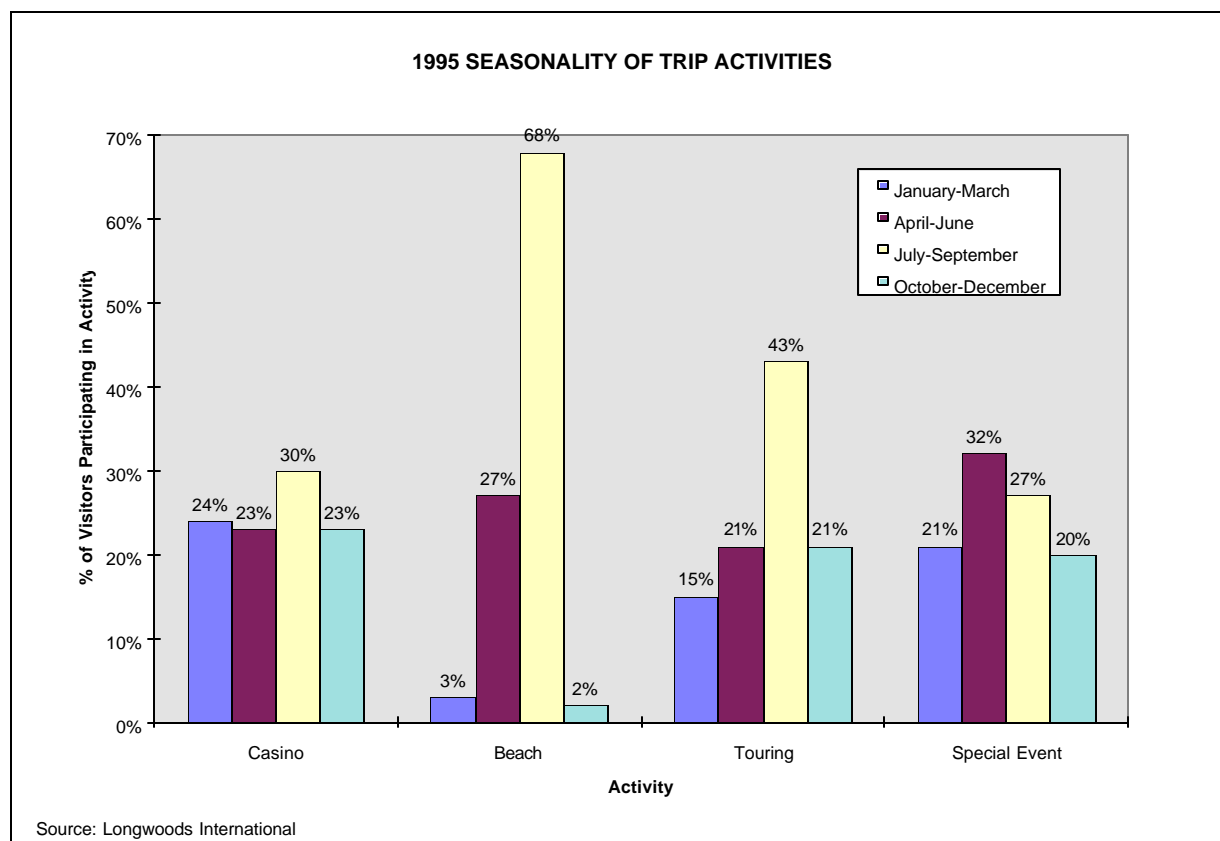


Peak periods throughout the State fall between the months of May and October. The peak is most pronounced in the Southern Shore and Shore regions, where occupancy rates rise above 80% during peak season and drop below 30% in the off-peak periods. The Greater Atlantic City region is slightly less seasonal than the Shore regions due to the year-round appeal of casino gaming, experiencing highs of approximately 85% but drops only to 40% in the winter months. The Gateway, Skylands and Delaware River regions are the least seasonal in terms of hotel occupancy but do also experience a slight rise from May through October with fluctuations throughout the year no greater than 20%. Although it doesn't reach the peak occupancies of the coastal regions, Gateway does not experience as steep of a decline in off-season months, and therefore it has the highest average occupancy rates on an annual basis.

The pronounced peaks of the coastal region season impact the strategic issue of accommodations development. Because occupancy rates are so high in the peak season, additional capacity may be needed to service additional visitors. However, because occupancies drop off so significantly in the off-season, additional development is less attractive.

Special Events and Casino Trips Balance Seasonal Peaks

While seasonality impacts all tourism regions, it has different impacts on different activities. The following column chart shows the seasonal distribution of participants in four activities: casino gaming, beach trips, touring, and special events.



Casino gaming has year round appeal, as evidenced by a 30% participation in Summer, 23% between in Fall, 24% in Winter, and 23% in Spring. Beaches are primarily (68%) a summer activity, although there is some visitation in Spring (27%) there is practically none in Fall (2%) and Winter (3%). Touring is most popular in the Summer (43%), but touring activity is evenly distributed between the Fall (21%), Winter (15%), and Spring (21%). Special events are fairly evenly divided, with the peak participation occurring in the Spring (32%) and Summer (27%) followed by Winter (21%) and Fall (20%).

Casino gaming and special events are more seasonally balanced, while beach trips are primarily a summer activity. Touring, while largely a summer activity, has the potential for year round appeal.

New Jersey's Tourism Products

New Jersey offers a wide array of tourism products distributed throughout the State, including sports and recreation, historic sites, retail, cultural sites, science and nature, entertainment and parks. The map on the following page displays the distribution of these products and this section of the report gives a brief characterization of each category of product assets.

Sports & Recreation

This category includes all beach areas, boating marinas, golf courses, racetracks, sports arenas, equestrian centers and other outdoor activities. New Jersey is particularly strong in its diverse set of sports and recreation activities. Key products in this category include the shore, the Meadowlands Sports Complex, fishing and boating, hiking, and golf courses.

However, many sports and recreation activities are seasonal and weather dependent and some face extreme competition outside the state. For example, New Jersey's ski industry has been hard hit in recent years by poor conditions and stiff competition from Pocono operators in Pennsylvania. According to the New Jersey Ski Area Association, seven of twelve ski areas have closed in recent years as have over 40% of ski shops in the State. Of the remaining five ski areas, two are public areas and two of the private areas have been or are in bankruptcy in the last two years.

Most of New Jersey's sports and recreation facilities currently target a local or regional market. Opportunities lie in the area of themed tourism packages such as equestrian vacations or special events at sporting facilities, such as the World Cup or Final Four tournaments.

Historic Sites

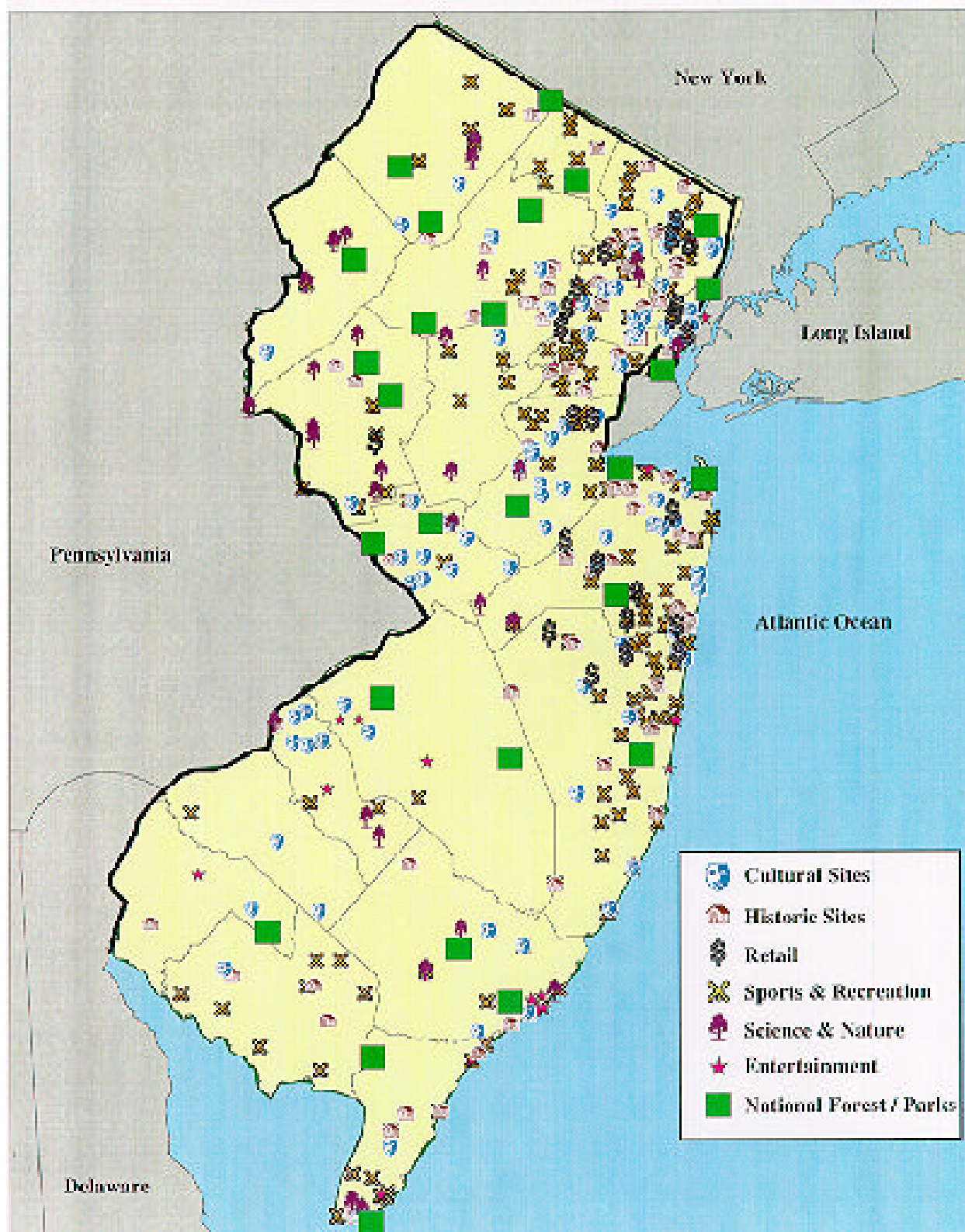
New Jersey's historic resources span from the colonial era to modern industrial times. The State offers more Revolutionary War sites than any other state and a wide range of Industrial Revolution sites including canals, foundries and manufacturing plants.

New Jersey has 56 state historic sites found in both urban and rural areas as depicted on the map on the following page. New Jersey also is home to four national historic sites managed by the U.S. National Parks Service: Morristown National Historic Park, Edison National Historic site, Sandy Hook Recreational Area, and the Delaware Water Gap. In addition, the National Park Service operates the New Jersey Coastal Heritage Trail.

New Jersey has yet to maximize the tourism potential of its substantial and diverse array of historic resources. Improvements can be made to improve site staffing, interpretation and hours of operation. There are also a host of assets yet to be inventoried, protected and interpreted. In addition, the potential exists to bring the historic battleship U.S.S. New Jersey to the State. These assets offer tremendous tourism potential which may be tapped through targeted marketing and protective efforts.

INSERT MAP: Network of New Jersey Tourism Products

NETWORK OF NEW JERSEY TOURISM PRODUCTS



Cultural Sites

New Jersey has a highly regarded array of cultural facilities from the Newark Museum and State Museum to its regional theaters such as the Papermill Playhouse, George Street Playhouse, Crossroads Theatre Company, and McCarter Theater. In addition, the opening of the New Jersey Performing Arts Center is anticipated to increase the State's cultural profile.

Artist galleries and districts are providing the impetus for the urban revitalization of portions of communities like Jersey City and Paterson and continue to attract visitors to the more rural Delaware River Valley. In addition, the State's ethnic diversity creates opportunities for festivals and other special events.

New Jersey's major cultural facilities generally are better managed and operated than its major historic resources. However, the smaller cultural facilities suffer from the same difficulties, volunteer staffing and lack of operational and marketing support. While exceptional in terms of their number and quality, the State's cultural resources have found it difficult to attract out-of-state visitation. While New Jersey's facilities may not be successful in competing head on for out-of-state visitors with neighboring assets such as Broadway or the Metropolitan Museum of Art, efforts directed at packaging the State's cultural assets in collaboration with the tourism industry may prove effective in increasing the role of cultural attractions in New Jersey's tourism industry.

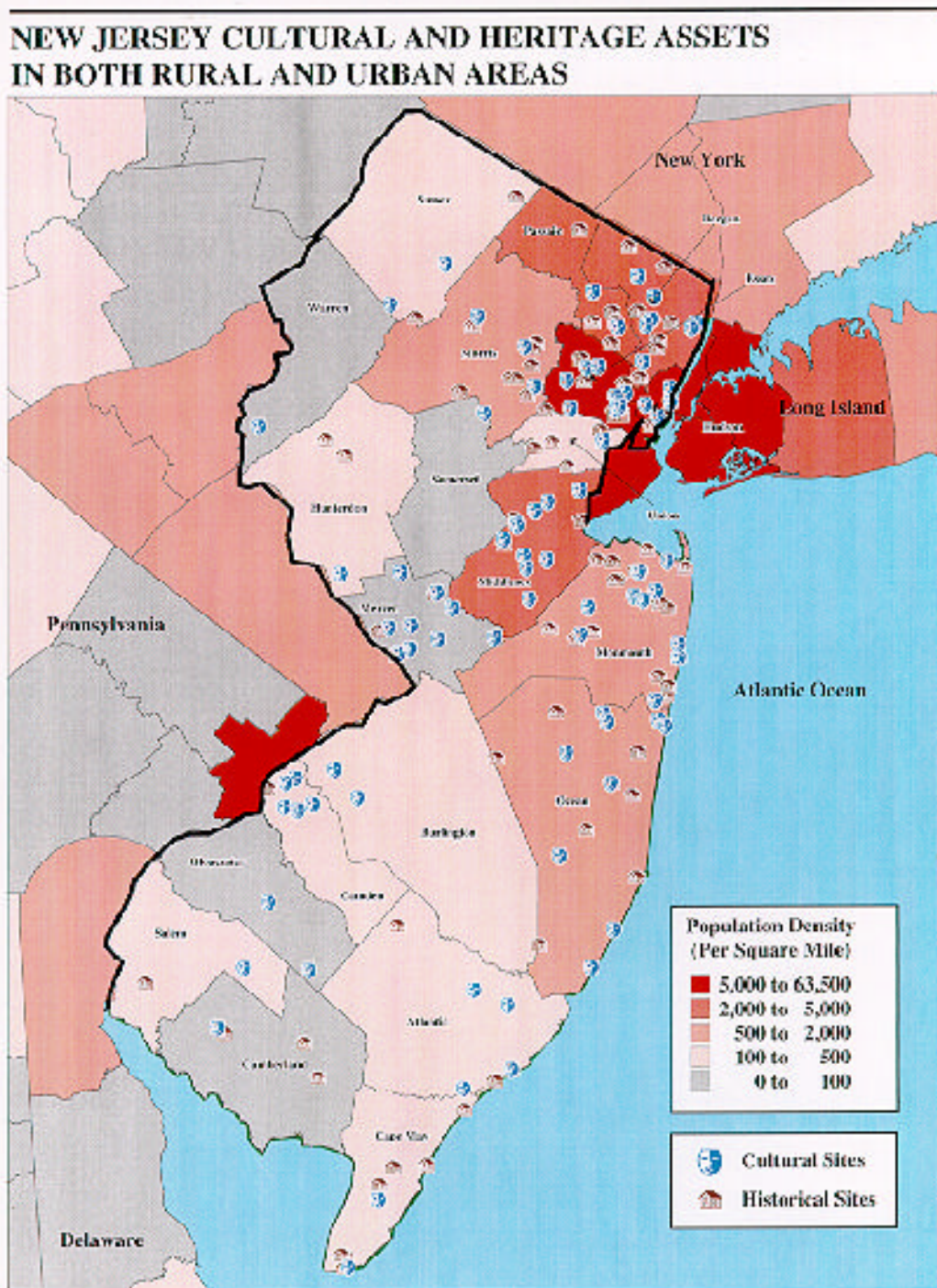
Retail

New Jersey currently holds a competitive advantage in retail over New York City due to its no sales tax policy for clothing merchandise. However, recently New York has experimented with changes to its sales tax policies in an effort to increase retail sales. Therefore, New Jersey's sales tax advantage should not be considered a permanent condition.

New Jersey's retail assets are particularly strong in the outlet center market with multiple facilities in the Flemington, Secaucus and Princeton areas. New Jersey is also quite strong in the mall market with The Mall at Short Hills, Woodbridge Center, Fashion Center, Bergen Mall and many others. Opportunities exist to package shopping excursions with hotel stays and other recreation activities. This strategy may be particularly suited for reaching the international traveler, as shopping is a key activity for overseas visitors.

While New Jersey is strong in mall and outlet shopping, it is less noted for village shopping experiences. This market is characterized by free-standing stores within walking distance of one another and other assets such as dining, inn or hotel accommodation, historical and cultural sites and visitors services. New Jersey does have successful retail villages, including Chester, Princeton, Lambertville, and Haddonfield. Careful planning is required to preserve these "main street" shopping districts while encouraging the development of major retail centers.

INSERT MAP: New Jersey Cultural and Heritage Assets in Both Rural & Urban Areas



Science & Nature

New Jersey offers a strong array of both natural resource tourism assets and man-made attractions relating to science and nature.

Natural resources include major wildlife preserves such as the Pinelands, the Great Swamp National Wildlife Refuge and the Edwin B. Forsythe National Wildlife Refuge. Park areas such as the Delaware Water Gap and Island Beach State Park are also important natural tourism assets. Facilities such as the Marine Mammal Stranding Center, the Aeolium Nature Center at Island Beach State Park, and the Wetlands Institute provide interpretive services which make these natural resources more accessible for visitors.

New Jersey has extensive natural resources to serve the growing ecotourism market, with the strategic advantage that these resources are readily accessible from the nearby regional market centers. However, many of these sites currently lack signage, interpretation and visitor services. Opportunities for promotion of ecotourism include recreational activities such as canoeing, hiking and fishing and educational activities such as bird watching, nature tours and cruises, and agritourism. Currently there is no statewide plan for ecotourism development, but Cumberland County has developed its own plan for developing and preserving these important natural resources and tourism assets.

Man-made science and nature attractions include facilities such as the Liberty Science Center and the Thomas H. Kean New Jersey State Aquarium. These attractions address the popular fascination with all things scientific and are geared towards educating and entertaining visitors and residents. In addition to serving as quality attractions in their own, urban-based facilities such as these are also anchoring redevelopment efforts which over time will result in entertainment districts which will create even a greater visitor draw.

New Jersey's important role in the history of the nation's scientific and industrial development (e.g. iron, porcelain, pharmaceuticals, etc.) offers additional, currently untapped tourism opportunities. These themes have the potential to underpin the development of tangible tourism products, such as industrial tours, port tours, trails of invention, or a museum of science & industry.

Entertainment

New Jersey's entertainment assets include its casinos, amusement parks and boat cruise tours.

Casino Gaming plays a significant role in New Jersey's tourism industry, as presented in the economic impact and market sections of this strategic assessment. The national growth in casino gaming represents a competitive threat to New Jersey. The following map depicts the national expansion of the gaming industry. Gaming has expanded primarily in the Southwestern, Western and Midwestern regions and in pockets of the Southeast. The only significant regional competition for New Jersey is Foxwoods Casino in Connecticut and Oneida Turning Point in upstate New York. However, proposals for additional gaming sites in New York and Pennsylvania suggest that New Jersey's industry may not always enjoy its near regional monopoly.

The industry has begun to address these competitive issues by expanding the range of activities and entertainment options available to casino patrons. Efforts should be made to develop collaborative packages between the casinos and other regional attractions such as amusement parks, golf courses, retail centers, natural resources, and cultural and heritage attractions.

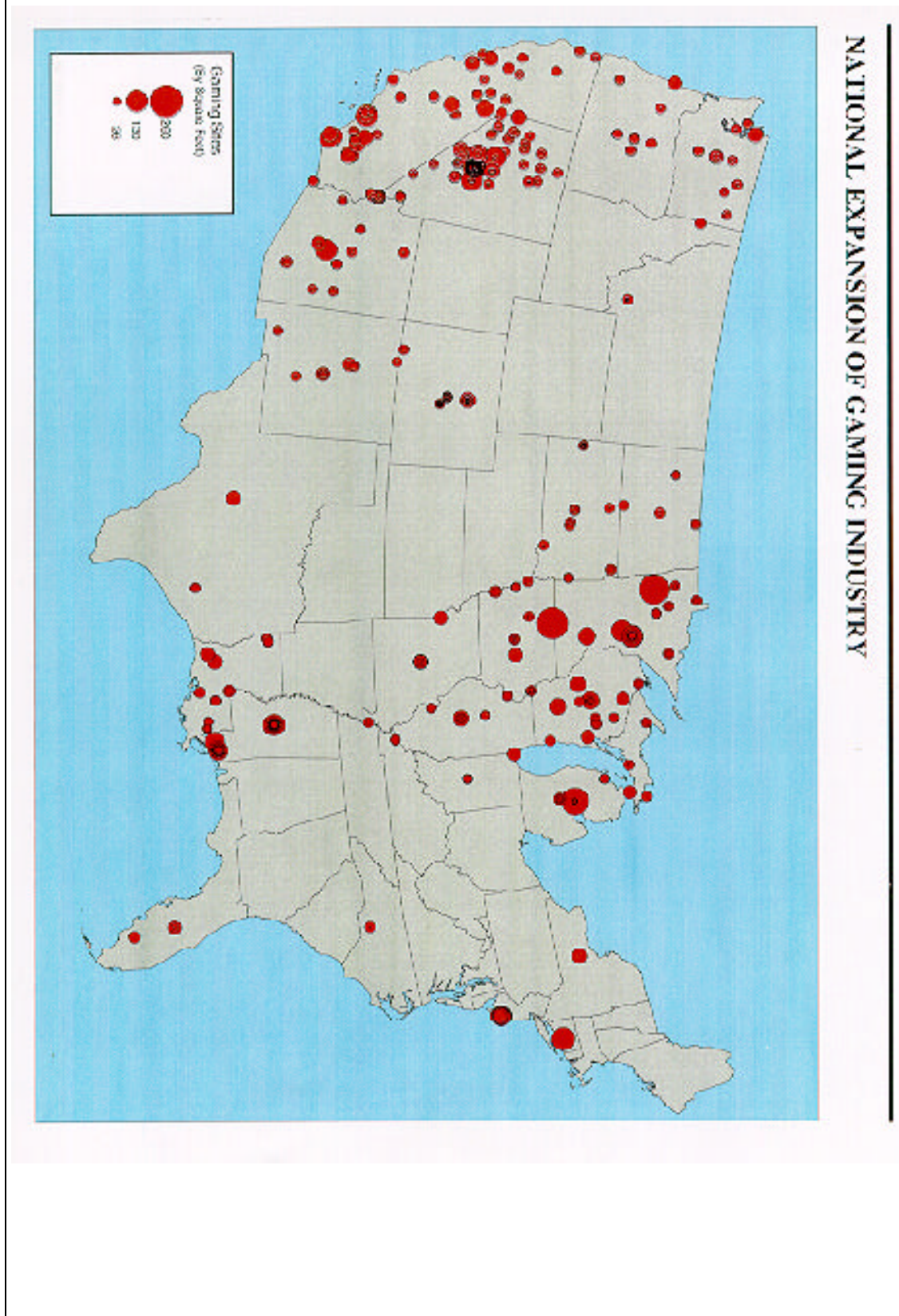
Amusement Parks, such as Six Flags Great Adventure, Morey's Pier and Nickels Midway Pier are an important component of New Jersey's entertainment tourism product. In 1996, Great Adventure had four million visitors, making it one of the top three destinations in New Jersey. However, due to its relatively remote location, visitors to Great Adventure are typically drive market day trip visitors. Packaging park visits with accommodations is an effective approach for leveraging the draw that Great Adventure provides the State.

Most of New Jersey's other amusement parks are located in the beach communities. These attractions serve an important role in making the Jersey Shore a prime family vacation destination. The coupling of pristine beaches, amusements, marinas, golf, and boardwalks create a very attractive and popular vacation environment. As described earlier in this section, one primary issue facing this segment is the availability of quality accommodations during peak seasons, when occupancy rates soar to 80-90%. The development of shoulder season events might directly benefit this segment by increasing visitation in the off-peak times, and in the long term might result in driving average annual accommodations demand to the level where the development of new accommodations would become attractive.

Boat Cruises, such as the Spirit of New Jersey, Stout's Charter Service, New York Waterway and the Hoboken Ferry either tour the shores of the State or transfer visitors across the Hudson River to and from Manhattan. Coordination with coastline attractions by the Hudson River services could help to draw additional visitors from New York.

Other boating activities include recreational fishing charters and party boats as well as whale watching excursions. These activities are popular attractions which capitalize on New Jersey's coastal access.

INSERT MAP: National Expansion of Gaming



Dining

Dining facilities are typically be classified as a tourism service, but when they draw visitors to a particular destination dining serves as a tourism product.

Restaurant districts, such as Newark's Ironbound section, known for its Portuguese cuisine, or Trenton's Chambersburg section, popular for its Italian restaurants, are examples of New Jersey restaurant districts. These assets can provide a strong boost to urban redevelopment by tying together area attractions. In this, a trip to the Statue of Liberty or the New Jersey Performing Arts Center need not be an isolated experience but can complemented with dinner as well. Similarly, a visit to the State House, the State Museum, or a ballgame at Waterfront Park can become a full day visit to Trenton when dinner is included in the itinerary. Similar restaurant districts are developing in communities such as New Brunswick and Westfield and additional restaurant districts should be sought and promoted.

Theme Restaurants are a relatively new trend in New Jersey, led by a number of new developments in Atlantic City including the Rainforest Cafe, Hard Rock Cafe, Planet Hollywood, and All Star Cafe, among others. There is the potential to develop theme restaurant concepts in other densely populated regions of the state, in conjunction with other attractions.

Diners, represent a category of dining in which New Jersey has an extensive array of traditional diners unparalleled by competitor states. While not typically viewed as tourism assets, New Jersey's diners have great potential to be tied into cultural and family vacation themes through packaging such as diner trail maps for the touring traveler or joint marketing efforts with nearby attractions.

Convention & Meeting Centers

Conventions are a tremendous visitor draw. New Jersey currently has a limited supply of convention facilities which are dwarfed in facility size by the much larger Philadelphia and New York City convention facilities, the Jacob K. Javits Center and the new Penn Center. However, the opening of the new Atlantic City Convention Center in 1997 will increases New Jersey's share of the convention market.

New Jersey is stronger in the regional meeting market with conference centers located throughout the State. Not surprisingly, the locations of these conference facilities are near the locations of New Jersey's 100 largest companies. The opportunity in this market is to increase coordination between the conference facilities and other products to generate longer staying groups with perhaps one or two days of organized leisure activities.

NEW JERSEY CONFERENCE AND CONVENTION CENTERS

NEW JERSEY CONFERENCE AND CONVENTION CENTERS

This map illustrates the distribution of conference and convention centers across New Jersey and its neighboring regions. The state is highlighted in yellow, with surrounding areas in gray and the Atlantic Ocean in blue. Major cities and centers are labeled, including New York, Long Island, Philadelphia, and Atlantic City. A legend indicates that red circles represent convention centers by square foot (900,000, 450,000, or 90,000), blue squares represent conference centers, and stars represent the top 100 companies. Specific centers labeled include Meadowlands Exposition Center, Garden State Exhibit Center, Rutgers Center Exposition Hall, South Jersey Expo Center, Atlantic City Convention Center, and Cape May Convention Hall.

New Jersey's Tourism Services

Services are tourism assets which help to support the delivery of tourism products. Services considered in the master planning process include accommodations, road and air transportation, information services and tour operators.

Accommodations

Accommodations within New Jersey tend to fall into several clusters, as shown on the following map. Hotels are concentrated around the New York and Philadelphia metropolitan regions and along the transportation corridor between these two cities. Campgrounds are found primarily in the Pinelands region of Gloucester, Salem, Atlantic and Cape May counties and in the northern Skylands region of Sussex, Warren and Morris counties. Inns and bed & breakfasts are most prevalent along the coastline areas of the Shore and Southern Shore tourism regions, but are also dispersed throughout the other regions of the State.

It is surprising that while overall visitation to the State is primarily for pleasure travel, interviews with hotel operators indicated that their primary market is the business traveler. As with the location of conference centers, most hotel properties are located near New Jersey's Top 100 corporate headquarters. It is the independent small hotels, inns and bed and breakfasts supporting much of the overnight pleasure market. Two noted attractions that lack hotel rooms within proximity are Six Flags Great Adventure and the Pinelands Region. The risk in developing additional accommodation, however, is that New Jersey visitation is highly seasonal and thus, might not provide year round overnight visitors. Development of year round tourism attractions and events would encourage the development additional accommodations capacity.

INSERT MAP: New Jersey Accommodations by Type

NEW JERSEY ACCOMMODATIONS BY TYPE



Road Transportation

New Jersey has an extensive network of roadways leading to and around the Manhattan and Philadelphia areas as shown in the following map. However, because it is primarily a drive market, many of New Jersey's tourism products are readily accessible only by car rather than by public transportation. Particularly for the international visitor, public transportation can be an important means of transport between attractions, and continued efforts should be made to promote and link the New Jersey's public transportation network to regional attractions.

There is a growing trend to develop more scenic routes and improved tourism signage within the State to enhance the overall visitor experience. Route 29 has been targeted as the first National Scenic Byway within the State and will set the standard by which future programs are managed. It is intended to provide a scenic diversity that adds much to the quality of New Jersey life and tourism. The designation protects the scenic beauty of areas within view of the roadway including historical and cultural sites. Continued support for these efforts through coordination with the Department of Transportation will help to spur the designation of additional Scenic Byways.

Roadway signage persists as an important tourism service needing improvement in New Jersey. Recent efforts by the New Jersey Department of Transportation to install more effective destination signage, intersection signage, and visitor services signage are all important steps in providing visitors the information they need to navigate the State's roadway network to easily access their destinations and inform them of interesting opportunities along the way.

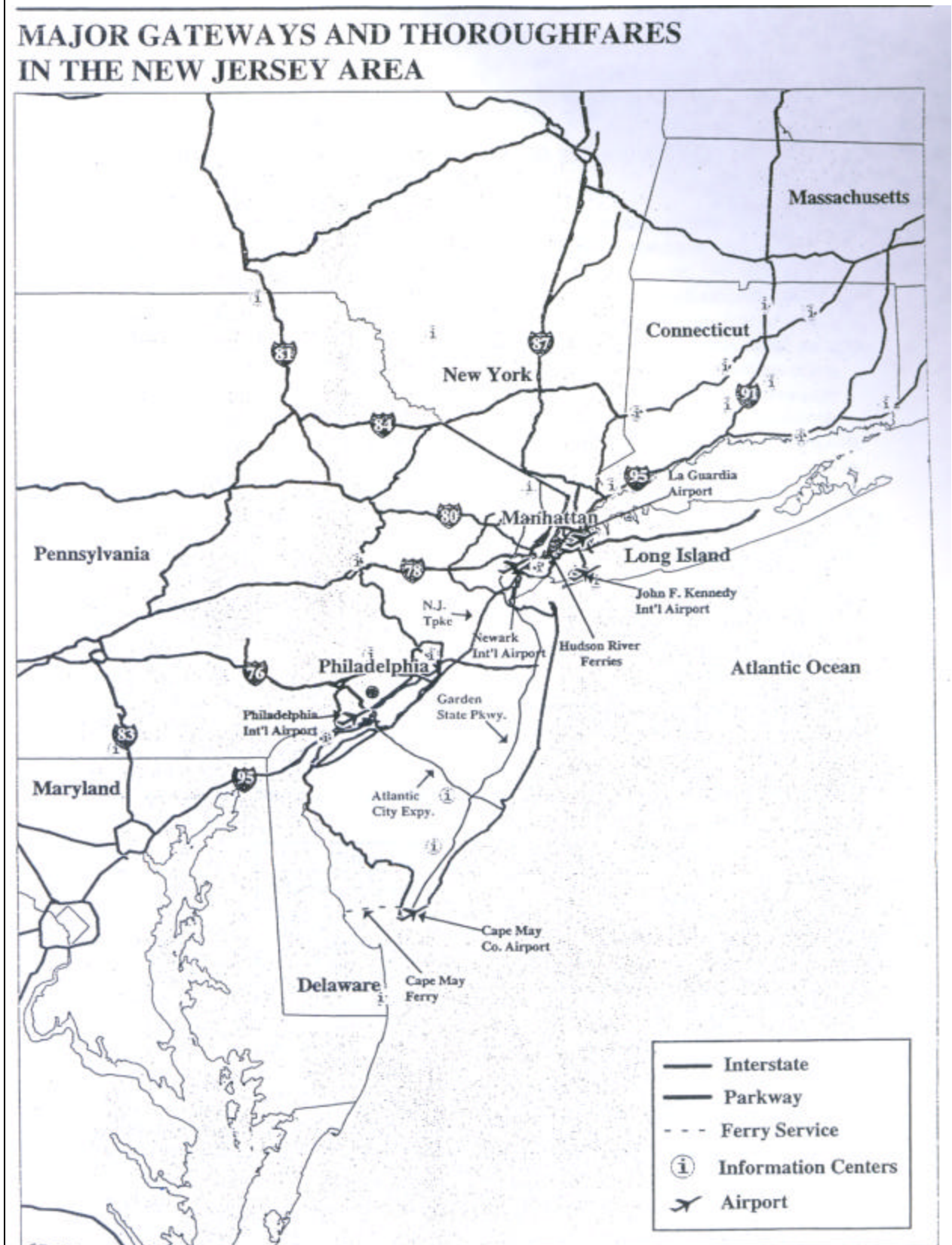
Additional, targeted development of roadway infrastructure will also help improve access to important tourism destinations. Projects such as the extension of Route 55 to Cape May or the Atlantic City marina tunnel will simplify visitor access to these important destinations, as the completion of I-287 opened an important gateway to New Jersey for upstate New York, New England, and Canadian visitors.

Air Transportation

Airport access to New Jersey is a major strength. The Philadelphia, Newark, LaGuardia and JFK International Airports all provide a vast international and national potential market base. While many visitors entering these ports may be staying within one of the two metropolitan areas, there is great potential for day trips or short-term stays within New Jersey.

Morristown Airport, Trenton-Mercer Airport, Cape May Airport and Atlantic City Airport each provide access to all corners of the state. The largest concern in this area has been the lack of airline service at the regional level, particularly for the Atlantic City airport. However, Atlantic City anticipates an expansion of routes with the opening of the Convention Center.

INSERT MAP: Major Gateways and Thoroughfares in the New Jersey Area



Information Services

New Jersey provides information to the traveler through the 1-800-JERSEY7 number, the internet website, and through roadside welcome centers.

Call Center. Potential visitors who call the 1-800-JERSEY7 number are able to request general information on the State. These calls are generally in response to advertising of the toll-free number through print and radio advertisements. Callers are not, however, able to request specific destination information. When asked for such materials, the operator will either transfer the call directly to another source (such as the Atlantic City Convention and Visitors Authority) or provide the caller with the phone number for the destination. While the quality of the service is generally considered sufficient, some concerns have been expressed in the timeliness of the collateral material fulfillment and the narrow scope of services offered relative to consumer needs. The diversity of tourism products in New Jersey may require a more individualized, customer-driven approach to information delivery. Potential visitors should be able to request and receive all information through a single contact point. In addition, the industry trend is to make the information request line more consultative in nature to better serve potential visitors and to “lock in” the visit and even make reservations for the visitor, rather than risking the losing the business while the potential visitor awaits mailed collateral materials.

Internet Website. The State’s internet website (www.state.nj.us/travel) has provided another means of providing customer-driven information services. Visitors to the website can learn about attractions, accommodations, and events by their own activities of interest or by geographic tourism region. In addition, the inclusion of “links” to other websites supports potential visitors in their efforts to learn more in depth information about a particular attraction directly. Enhancements to the website might allow visitors to request collateral materials via e-mail and will support the collection of visitor profile information which can be developed into an important market research database.

Welcome Centers. New Jersey has eight welcome centers with 1995 visitation shown in the following table:

Visitor Center	1995 Visitation Count
Atlantic City Expressway	197, 616
Deepwater	94,403
Knowlton I-80	177,439
Liberty State Park	2,292,711
Liberty Village	2,057
Montvale	48,301
Ocean View	70,679
Trenton	1,343

Concerns have been expressed that the lower volume welcome centers such as Liberty Village and Trenton facilities are either poorly located or have insufficient signage to attract visitor

traffic. In addition, the high visitation at Liberty State Park is most likely a distortion in that visitors are counted even when they request specific Park information rather than statewide visitor information.

Reviewing the previous map, New Jersey's information centers are much sparser than those of neighboring Pennsylvania and Connecticut. Pennsylvania Guest Welcome Centers are located on all major transportation routes at key entry points to the State. Connecticut Welcome Centers are located at multiple points on each of the four major thoroughfares and at Bradley International Airport. Additional tourism information is distributed through ten privately operated centers.

In comparison, New Jersey Welcome Center facilities appear to lack the ability to deliver the information needed at the appropriate point of travel. An opportunity exists here to improve coordination with the Department of Transportation to develop a more innovative approach to developing and managing these facilities. Options range from privatization through franchising to continued State operation.

Travel Trade

A common theme throughout the New Jersey travel industry is the lack of coordination between the travel trade and New Jersey's attractions. The travel trade, comprised of tour operators, motorcoach operators, receptive and operators, is an important but underutilized distribution channel for New Jersey's tourism products.

For motorcoach groups, gaming is ranked as the fastest-growing type of activity according to the American Bus Association. Atlantic City must continue to capitalize on this market by improving casino coordination and handling of these groups. Motorcoach groups also represent a strong market for special events and for ad hoc charters. These both present year-round opportunities for market expansion.

The individual package tour market is another growth opportunity for New Jersey. Better relationships between the Division of Travel & Tourism, tourism products and ground operators must be established. Services such as dining, retail and accommodations can be easily combined with products such as historical sites, cultural facilities, wineries or entertainment facilities to form commissionable packages which can be distributed to consumers through the travel trade.

D. Organization of New Jersey's Tourism Industry

New Jersey's tourism industry is supported by organizations at the state, county, and local levels of government, as well as through industry associations and business groups. Coordination of the aims and activities of these entities is important if the public and private resources invested in the industry are most effectively to generate returns.

New Jersey Division of Travel & Tourism

The New Jersey Department of Commerce and Economic Development, Division of Travel & Tourism is the primary state government entity responsible for promoting the development of the State's tourism industry.

Mission

According to its Strategic Marketing Plan for FY97, the Division's mission statement is as follows:

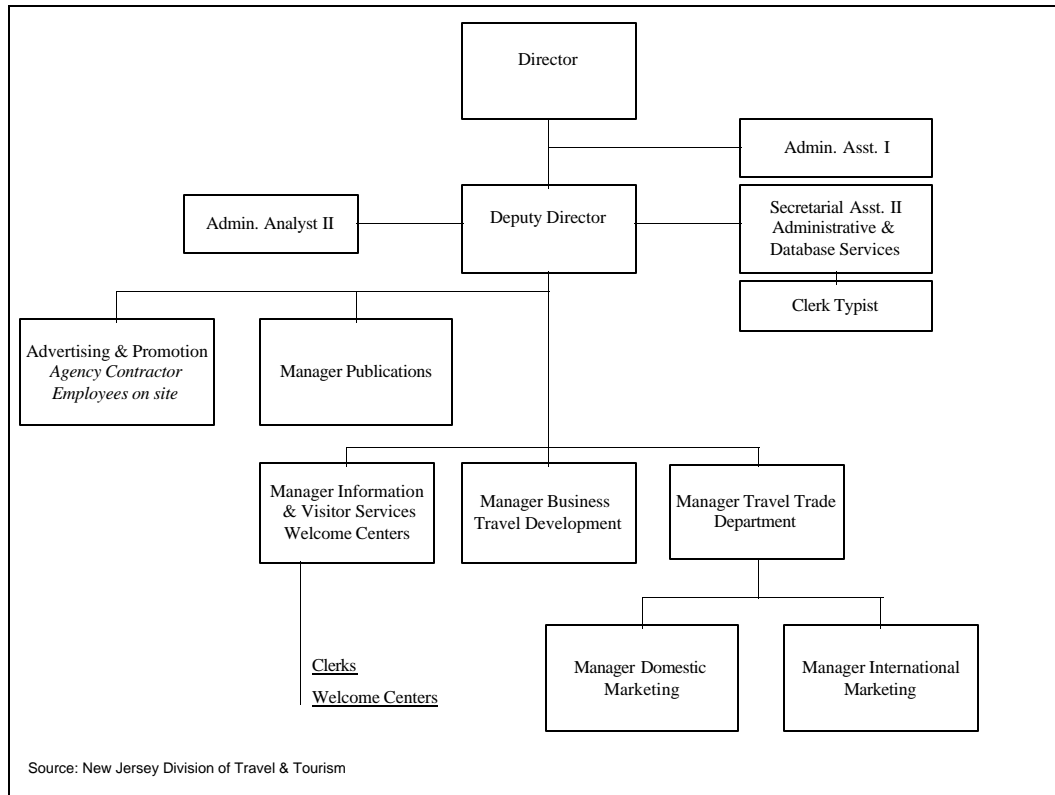
“The New Jersey Division of Travel and Tourism, in partnership with the travel industry, develops and promotes New Jersey as a single, yet diverse, travel destination, to increase revenues, investment, and employment, contributing to economic prosperity and quality of life throughout the State.

In accomplishing its mission, the Division

- develops and implements an advertising and public relations program to promote New Jersey as a destination of choice for business and leisure travelers in select domestic and international markets of opportunity
- expands awareness of the State's diverse destinations and tourism products among the travel trade to increase individual, group, and business travel to New Jersey
- provides comprehensive travel information to prospective travelers, travel sellers, and travel media
- organizes educational programs designed to strengthen the competitiveness of the travel industry, enhance and expand New Jersey's diverse tourism product, and increase awareness of travel and tourism's contribution to the economy and quality of life in the State
- serves in an advisory capacity in the formulation of policies, regulations, and legislation affecting the State's tourism industry.”

Organizational Structure

New Jersey's Division of Travel & Tourism is housed within the Department of Commerce and Economic Development. The Director is a Governor appointee responsible for the management of an allocated budget distributed through the State's General Fund. The current structure of the Division is displayed below:

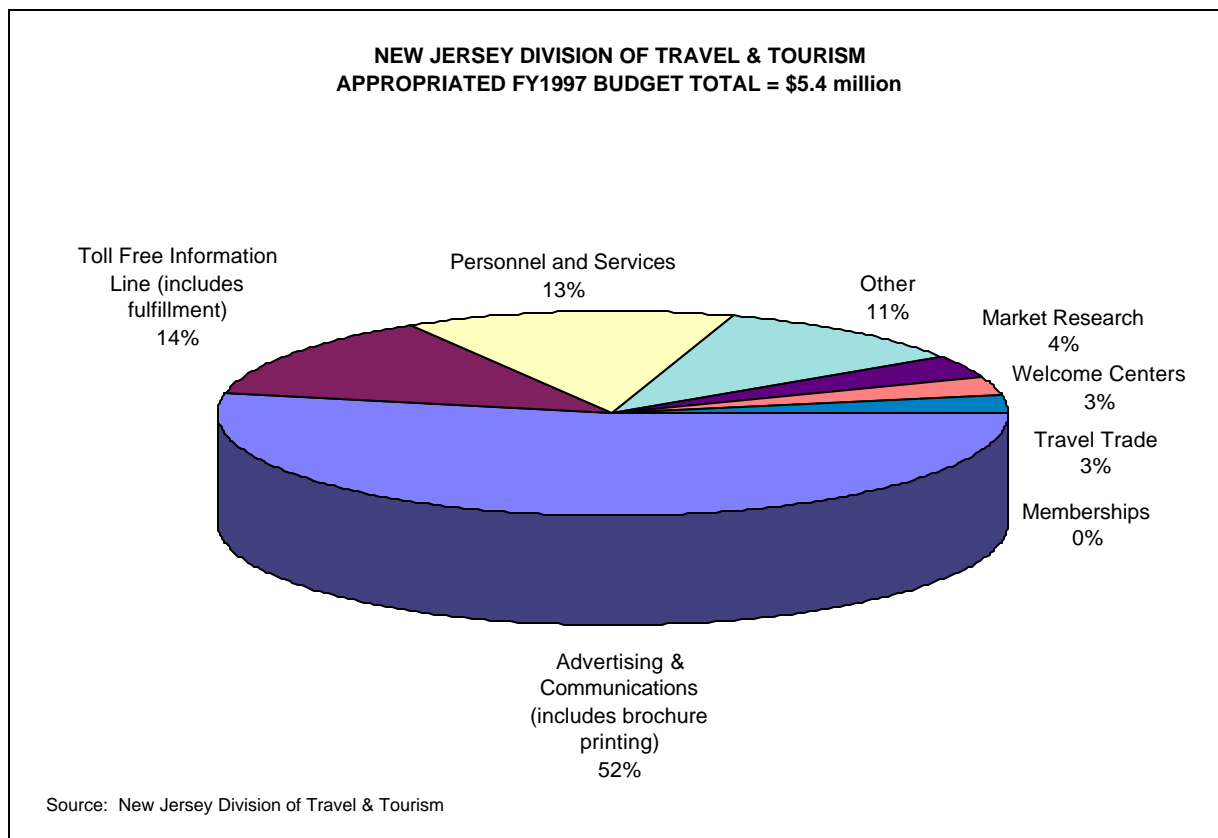


The staff of the Division manage all aspects of tourism for the State including business and pleasure travel from both domestic and international originating points.

Advertising and promotion is provided through contract with the Division. The current agency of record is Poppe Tyson of Morristown, NJ.

Programs

The Division has a total budget appropriation for Fiscal Year 1997 of \$5.4 million. The following pie chart displays the percentage allocated to each major program area.



The largest segment is Advertising & Communication with 57% of the total budget. This category includes not only the cost of media placement but also the supplies, printing of materials, and other services required to deliver the advertising plan. Of this total, \$2.0 million is reserved for cooperative marketing efforts in which Division contributions are matched by the marketing partners.

The 1-800-JERSEY7 information call center and fulfillment service, currently provided by DEPTCOR, accounts for 12% of the Division FY97 budget.

The operation of the State Welcome Centers, participation at travel trade shows, and the annual market research program each represent about 3% of the total budget.

Other State Agencies

Other State government departments and agencies have some relationship to tourism service delivery in New Jersey. The following table describes the role of some of the key agencies involved in tourism:

• Department of Environmental Protection	<i>Manages parks and recreation facilities, wildlife reserves, open space preservation, and greenways.</i>
• Department of Transportation	<i>Responsible for transportation infrastructure.</i>
• Department of State	<i>The State Council on the Arts supports the development of heritage & cultural tourism.</i>
• Department of Agriculture	<i>Conserves farmland, maintaining agritourism assets.</i>
• Department of Labor	<i>Provides employment training programs.</i>
• Economic Development Authority	<i>Finances new business development and expansion programs.</i>
• State Planning Commission	<i>Guides statewide land use planning efforts.</i>
• New Jersey Sports & Exposition Authority	<i>Operates the Meadowlands Sports Complex and Garden State Park.</i>
• Atlantic City Convention & Visitors Authority	<i>Operates the Atlantic City Convention Center.</i>
• New Jersey Turnpike Authority	<i>Operates the New Jersey Turnpike.</i>
• New Jersey Highway Authority	<i>Operates the Garden State Parkway.</i>
• South Jersey Transportation Authority	<i>Operates the Atlantic City Expressway and Atlantic City International Airport and regulates motorcoach service to Atlantic City.</i>
• Delaware River Port Authority (bi-state)	<i>Operates the Delaware River crossings in the Southern New Jersey/Philadelphia region.</i>
• Port Authority of New York & New Jersey (bi-state)	<i>Operates the Hudson River crossings in the Northern New Jersey/New York City region and Newark International Airport as well as John F. Kennedy International Airport and La Guardia Airport.</i>

While each of these agencies has actual impact on tourism in New Jersey, there is no formal mechanism for coordinating efforts between these agencies for the purpose of actively promoting and developing tourism.

Regional Tourism Councils

New Jersey's six tourism regions are represented to the New Jersey Division of Travel & Tourism through Regional Tourism Councils. The councils are membership supported organizations with volunteer officers and no dedicated staff. Each regional council is assigned a Division liaison to coordinate programs, cooperative promotions and regional activities.

The greatest concern among council members is their lack of funding resources. Most council funds are raised through membership dues, and because many member organizations do not have significant financial resources and staff, the councils are also generally short of funds and volunteer time. Programs such as the Division's Regional Partnership Program, for which \$60,000 has been allocated for FY97, are important for demonstrating to prospective members the tangible benefits of participating in the regional tourism councils.

Another concern voiced by council members was that the boundaries of the existing regions do not represent distinct marketing segments. The regional structure is primarily for organizational and administrative purposes rather than for promotional purpose. There is little brand awareness by the traveling public of either the names of each region or their related assets. While promotion can be coordinated through the regional tourism councils, it is better done on a thematic rather than geographic basis. An example of this is the State of California that promotes themes such as the Wine Region, the Redwoods and the Gold Country. While these themes may overlap geographically, they are presented to the public as distinct experiences. This approach is particularly critical for New Jersey, since the State has such a diversity of assets within each region.

Industry Associations

Tourism in New Jersey is also represented by a diverse set of industry associations. These include the New Jersey Hotel Motel Association, the Campground Owners Association, the New Jersey Restaurant Association and many others. Most are funded through membership fees. Because each tends to represent a specific tourism product, they are an excellent vehicle for referral of business yielding tangible benefits to their members.

While coordination occurs within each association, it is limited between associations or with the New Jersey Division of Travel & Tourism and the Regional Tourism Councils. Each association specializes in marketing specific products to specific markets. By bridging these efforts, new markets and new means to reaching them can result.

The New Jersey Travel Industry Association has a broader membership base than most industry associations and is positioned as "big tent" organization for the entire tourism industry. NJTIA has Board of Directors positions designated for specific industry segments, so that the organization can maintain representation of the tourism industry as a whole. In addition, these positions benefit the NJTIA by creating effective liaison between the NJTIA and more the segment specific industry associations and regional tourism councils. Some concerns have been

expressed that NJTIA's membership dues structure negatively impacts the organization's ability to attract smaller members, and therefore, the NJTIA primarily represents the larger players in the New Jersey tourism industry. However, many smaller organizations belong to both the NJTIA and their "local" regional tourism council. The NJTIA sponsors the annual Governor's Conference on Tourism.

Local Organizations

Chambers of Commerce and local community organizations provide a network for products and services in proximity of each other. Because they span industries, they provide the opportunity for services such as restaurants and retail outlets to develop relationships with nearby products or accommodation facilities.

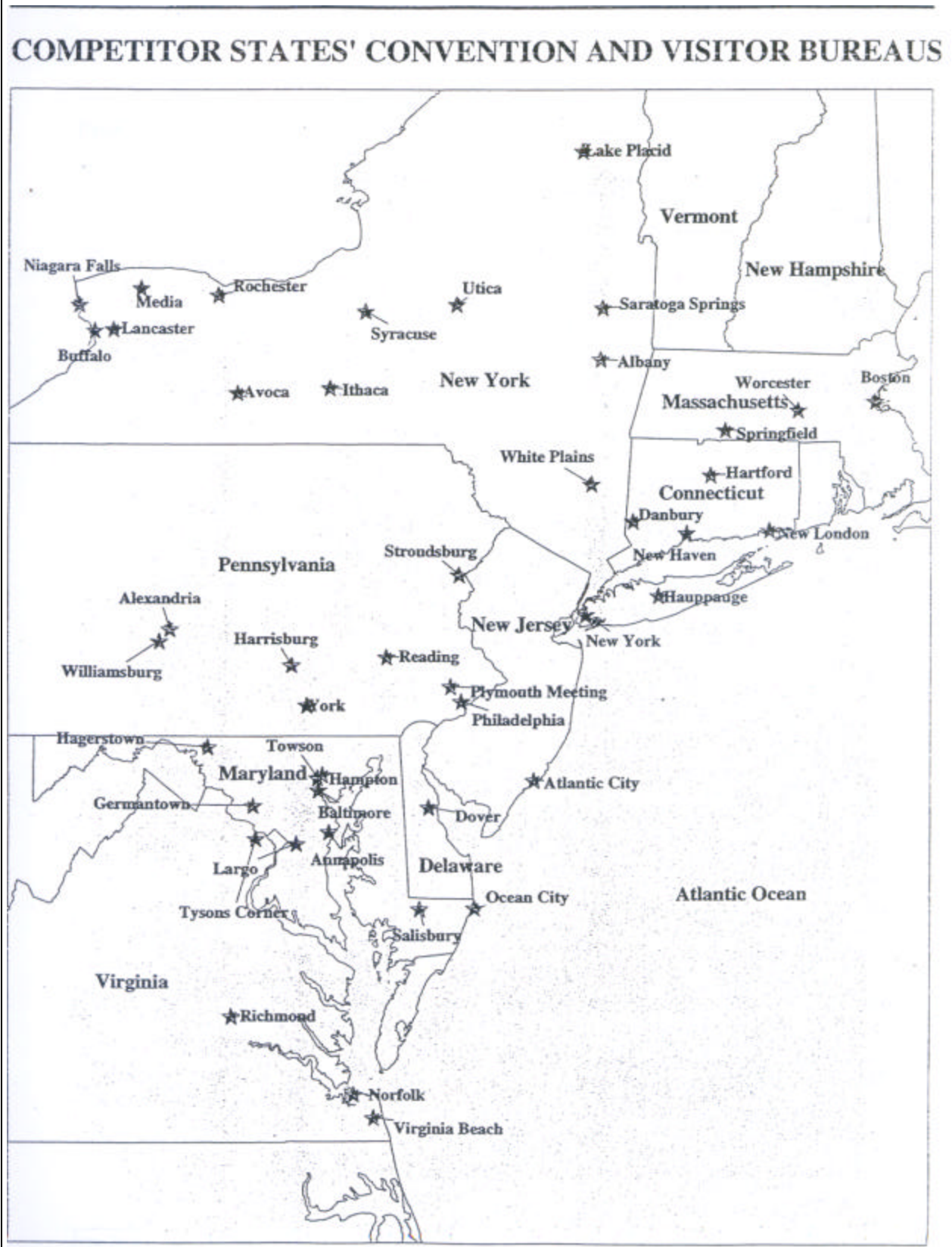
In addition, local communities and county governments may have their own tourism boards to promote the attractions and accommodations within their jurisdiction. In some cases, these governmental entities serve as a means of providing operating funds to the regional tourism councils, particularly when state matching funds are available.

Convention and Visitors Bureaus

Similar to local organizations, Convention and Visitors Bureaus (CVBs) help to coordinate the efforts of a range of products and services within a small geographic area. They are focused specifically on the marketing of tourism related assets and are typically funded through dedicated self-assessment mechanisms. With stable financing in place, CVBs operate with a dedicated staff of experienced professionals capable of effectively promoting the area and providing visitor information to prospective visitors for both the leisure and business markets.

Within New Jersey, there is just one Convention and Visitors Bureau in Atlantic City. Additionally, the Gateway Tourism Council is under negotiations to convert itself to a CVB. Compared to its competitors, New Jersey is not actively developing CVBs to perform tourism promotion. As the map on the following page shows, New Jersey's competitors have organized many CVBs to market different regions of their state.

[INSERT MAP: Competitor States CVBs]



Prosperity New Jersey Tourism Industry Advisory Committee

The mission of Prosperity New Jersey, Inc., sponsor of this tourism master plan initiative, is as follows:

“Prosperity New Jersey is a statewide public-private partnership created through Executive Order by Governor Christine Todd Whitman to bring together top leaders from state government, private industry, education, labor and the environment. This partnership will develop, implement, and continually update collaborative strategies for maximizing the health of the New Jersey economy.”

The Tourism Industry Advisory Committee supports PNJ’s business retention, expansion, and attraction efforts by fostering growth in the State’s tourism industry by marketing New Jersey’s quality of life, an asset which benefits both residents and businesses alike.

In 1997, the Committee initiated several projects to highlight and disseminate information on New Jersey’s quality of life and tourism assets, including the sponsoring of the master plan, the distribution of Continental Airline’s in-flight magazine Profiles July 1996 issue dedicated to New Jersey, the pilot testing of electronic visitor information kiosks at Newark Airport, and the development of a quality of life brochure for use by realtors and corporate human resource departments.

E. Competition and Best Practices

New Jersey's direct competition is generally considered to be the following New England and the Mid-Atlantic states:

- Connecticut
- Delaware
- Maryland
- Massachusetts
- New York
- Pennsylvania
- Virginia

In addition, because of the importance of casino gaming to New Jersey tourism, Nevada is also considered a competitor of New Jersey.

This section of the report highlights some of the key strategies, issues, and approaches being taken by New Jersey's competitor states. In addition, some industry "best practices" in operation in other states are described.

Connecticut: We're Full of Surprises

The State of Connecticut represents a particular threat to New Jersey's tourism industry. In 1992, faced with declining economic performance in other sectors, the state legislature formed a task force to study its tourism industry and concluded that the tourism industry had the second-highest return on investment of all economic sectors within the state. Following this task force, the legislature incorporated several changes, including:

- A dedicated source of funding for the Division -- a \$1/day auto rental surcharge
- A new regional tourism council structure, comprised of 11 regions
- A dedicated source of funding for regional councils, a portion of the 12% state hotel tax
- A Tourism Council to oversee the state Tourism Division. The Council is comprised of private sector representatives
- A Strategic Plan, completed in 1993 with annual updates thereafter.

Connecticut is increasingly challenging New Jersey for its core geographic and niche entertainment markets. The Foxwoods resort is considered one of the most profitable casinos in the country. A new Indian casino, Mohegan Sun, recently opened and adapts the "theme" trend similar to the mega-resort casinos in Las Vegas. These two casinos draw primarily from New England and New York and threaten to appeal to more affluent families/leisure travelers who might otherwise make an overnight trip to Atlantic City.

The four "niches" that Connecticut describes as priorities overlap with recent targets of New Jersey:

- Activities for kids, including beaches, amusement parks, water sports, etc.
- Cultural heritage, including historic sites, museums, performing arts
- Active getaways, including ecotourism and gaming
- "Take a break," i.e. romantic trips, scenic drives, antiquing, winery tours

Connecticut is targeting these areas as part of an overall family-oriented strategy. New Jersey has the resources to compete well in all these areas, if they are properly marketed. Connecticut has been focusing on the New York metro market in a 3-year television campaign to raise product awareness. The Division is now changing to a more focused approach, maintaining TV presence but utilizes more newspaper advertising. The Division is also expanding its campaign to Philadelphia TV and print media, targeting another core market of New Jersey.

Connecticut is well-poised to gain market share due to the financial strength and stability of dedicated funding sources at both the state and regional levels. Private sector participation in the Tourism Council ensures industry cooperation. On-going strategic planning and in-depth market research on its message provide focus to the Division's efforts. In terms of infrastructure and attractions, Connecticut does not match up to New Jersey. The Connecticut Division of Tourism uses its resources to "package" its small-to-medium size attractions together and project them at particular markets.

The following table profiles Connecticut's Division of Tourism:

CONNECTICUT DIVISION OF TOURISM PROFILE	
Total FY 96 Budget	\$5,969,709
Full Time Staff	22
Dedicated Funding Source	Auto Rental: \$1/day
Ownership Structure	State Agency
Affiliation with Film Industry	Internal office
Number of Regions	11
Matching/Coop Grant	Yes - 50/50 programs
Out-of-State/Foreign Representation	None
Visitor Centers	11

Delaware: The Small Wonder/The First State of America

While having the smallest budget of 49 states responding to the U.S. Travel Data Center survey, Delaware has more travel expenditures than either of the Dakotas. This is likely due to the access to markets like Philadelphia and Baltimore. The Delaware Tourism Office focuses its limited budget on literature fulfillment, with a small amount of advertising. The Tourism Office is flexible in hiring, using temporary, part-time, and volunteer workers extensively. While its total budget has kept pace with inflation over the last ten years, Delaware was forced to eliminate a 50% matching grant to its regional organizations.

Delaware has two Convention and Visitors Bureaus (CVBs). Each CVB receives a dedicated 1% of the state accommodations tax, which is 8% overall.

The following table profiles Delaware's Tourism Office:

DELAWARE TOURISM OFFICE PROFILE	
Total FY 96 Budget	\$864,300
Full Time Staffing	9
Dedicated Funding Source	No
Ownership Structure	State Agency
Affiliation with Film Industry	None
Number of Regions	3
Matching/Coop Grant	No
Out-of-State/Foreign Representation	None
Visitor Centers	2

Maryland: So Many Things to Do, So Close Together

Maryland, like Connecticut, is strengthening its commitment to tourism industries within the state. This trend began in the early 1980's with state backing of Baltimore's various Inner Harbor attractions and its convention facility, and has continued with additional state marketing support.

The budget of the Office of Tourism Development (within Maryland's Department of Business and Economic Development, Division of Tourism, Film and the Arts) received a significantly large 74% budget increase from FY 95 to FY 96. This increase followed the creation of a strategic plan by the Maryland Tourism Development Board. The strategic plan detailed specific funding requirements that have been met by the Legislature with long-term commitments from the State's General Fund. The state budget for FY 98 indicates that this level of funding will continue, albeit at lower growth rates. In addition, the Office of Tourism Development increased its domestic advertising budget 761% between FY 95 and FY 96, from \$.3 million to \$2.8 million. It has raised the ratio of advertising as a percentage of the total available budgeted funds from 19% to 48% within two years.

Maryland mainly pursues the same drive market that New Jersey targets, and is currently expanding its marketing radius from 300 miles to 500 miles, where it will focus on generating weekend trips. Maryland also has long-term goals of developing bus tours, fly/drive packages, and business travel from select European markets.

In order to develop the long-haul international travel market, the Maryland Office of Tourism Development is participating in a Cooperative marketing group, Capital Region USA (CR-USA). Maryland is investigating joint visitor center/kiosks with CR-USA, which consists of Maryland, Washington, D.C., and Virginia. This venture allows Maryland to leverage its funding against the international attractions that the capital city provides.

Maryland is offering an innovative training initiative funded by a \$5 million federal grant. This program, provided with the help of the Department of Education, has installed tourism curriculums in school-to-work programs at over a dozen high schools. This curriculum will be introduced in community colleges next year. It is also implementing the national certification training program for its welcome center employees, and gathering neighboring state traffic counts/welcome center usage to support requests for additional welcome centers.

Convention and Visitors Bureaus (CVBs) in Maryland receive funding through local occupancy taxes. The Office of Tourism Development offers a 50/50 matching program for advertising. Maryland provides an extensive and varied menu of FAM tours. The Office plans to lead the following FAMs in 1997:

- Gettin' Crabby in Maryland
- Fishing in Southern Maryland
- Meetings and Conventions
- The Spirits of Maryland
- Maryland Outdoors
- Boating in Maryland
- Maryland's National Treasures

- Great Homes and Gardens
- Eastern Shore Round-Up
- The “Light” Side of Maryland

Maryland also participates in over fifty trade shows. These activities support its effort to develop bus tours and longer-stay travelers from more distant markets.

The following table profiles the Maryland Office of Tourism:

MARYLAND OFFICE OF TOURISM DEVELOPMENT PROFILE	
Total FY 96 Budget	\$8,903,993
Full Time Staffing	48
Dedicated Funding Source	No
Ownership Structure	State Agency
Affiliation with Film Industry	Separate office within Division
Number of Regions	5
Matching/Coop Grant	Yes - 50/50 program
Out-of-State/Foreign Representation	Info. center in Washington, DC
Visitor Centers	11

Massachusetts: We'd Love to Show You Around

The Office of Travel and Tourism of the Commonwealth of Massachusetts has potentially the most stable funding source of the regional competitors. It receives a dedicated portion of the state-wide hotel lodging tax, of which a significant (\$4.6M) portion is further dedicated towards local and regional tourism grants. The size of Massachusetts' tourism budget places it within the top 10 states nationwide, along with competitive peers New York, Pennsylvania and Virginia. These states provide first-tier attractions that bring in significant overnight and international business.

Massachusetts also maintains a strong international marketing strategy. In addition to having representation in nine countries, Massachusetts ranks second in international advertising expenditures, and participates in Discover New England, an interstate collaborative marketing organization geared towards international markets. The high-yield international traveler is a primary target of the Commonwealth. Massachusetts helps the state rank seventh nationally in terms of international visitor expenditures, a much higher impact than its domestic ranking of fourteenth.

The following table profiles Massachusetts Office of Travel and Tourism:

MASSACHUSETTS OFFICE OF TRAVEL AND TOURISM	
Total FY 96 Budget	\$14,509,000
Full Time Staffing	22
Dedicated Funding Source	Hotel tax: 0.8% state-wide
Ownership Structure	State Agency
Affiliation with Film Industry	Separate office within Department
Number of Regions	13
Matching/Coop Grant	Yes
Out-of-State/Foreign Representation	Tokyo, London, Milan, Paris, Frankfurt, Buenos Aires, Seoul, Sao Paulo, Taipei
Visitor Centers	4

Nevada: Discover Both Sides of Nevada

Nevada's tourism promotion is primarily organized around massively funded convention and visitors bureaus (CVBs). The Las Vegas CVB has an annual budget of nearly \$103 million, far larger than any state tourism budget, and the Reno CVB has funding in excess of \$29 million. These CVBs receive the majority of their funding from dedicated hotel taxes. The total effective tax rate in each city is relatively reasonable, 8% in Las Vegas and 9% in Reno. The State Tourism office also receives its funding through a portion of the hotel tax. A gaming tax provides further funding for the CVBs, supplying \$16.8 million to the Las Vegas CVB.

State and local tourism promotion is vital to the economy in Nevada because it is so dependent upon gaming and entertainment. The travel industry employs 37.2% of state residents. This is far above the next closest state, Hawaii, where 16.0% of residents are tourism employees. The national average for tourism's share of employment is 4.8%.

Legal and monetary support of unique attractions in Nevada have resulted in visitor expenditures that are far beyond average in per-capita terms. It is truly a unique state in its dependence on tourism and state support for it.

The following table profiles the Nevada Commission on Tourism:

NEVADA COMMISSION ON TOURISM PROFILE	
Total FY 96 Budget	\$7,009,000
Full Time Staffing	36
Dedicated Funding Source	0.38% Hotel Tax
Ownership Structure	State Agency
Affiliation with Film Industry	Internal
Number of Regions	5
Matching/Coop Grant	Yes
Out-of-State/Foreign Representation	Washington, D.C., Tokyo, London
Visitor Centers	Unknown

New York: I Love New York

New York has the fourth-largest travel industry in the U.S. New York City is one of the world's premier tourist destinations, and the "I Love NY" theme is proven. Governor Pataki's FY1998 budget proposes to merge the state Department of Economic Development into the Empire State Development Corporation, thereby converting the Division of Tourism into the Tourism and Marketing Corporation. The proposal would slightly reduce state tourism funding. Whether these changes are adopted or not, New York will continue to be a strong regional, national and international draw.

Regional associations exist in the State of New York, but they are not strong councils. The state provides over \$3.5 million to local organizations and regional associations only where there is not a dominant local CVB.

While New York's State Division of Tourism ranks seventh nationally in funding, it is third in domestic advertising expenditures. New York has been content to manage its brand through direct media purchases; a significant portion of funds are directed towards advertising while staffing, the number of trade shows attended, and FAM tours led are relatively low.

The following table profiles the New York Division of Tourism:

NEW YORK DIVISION OF TOURISM	
Total FY 96 Budget	\$15,002,000
Full Time Staffing	18
Dedicated Funding Source	No
Ownership Structure	State Agency; Potentially Non-Profit Corporation in '97-'98
Affiliation with Film Industry	Internal/unclear
Number of Regions	11
Matching/Coop Grant	Yes
Out-of-State/Foreign Representation	London
Visitor Centers	Unknown

Pennsylvania: Memories Last a Lifetime

Pennsylvania has not developed the unique branding of its closest regional competitors, New York and Virginia. Nevertheless, it ranks eighth nationally in visitor expenditures. Pennsylvania has a relatively generous matching grant program, contributing \$8.14 million to regional associations, county organizations and local CVBs. Only Illinois grants more funds. In addition, Pennsylvania contributes twice the local share.

Governor Ridge has made tourism marketing a priority. The FY97 budget increases state support for tourism to \$18.5 million, an increase of over 20%. The increase is 45% for the non-granted portion of the Office of Tourism's budget. The increase in funding coincides with an overhaul of the state's Tourism Guide and World Wide Web site.

A new addition to the state's tourism services are electronic kiosks. Ten locations around the state will provide general tourist information, as well as specific data on historic sites and parks and forests. In addition, these kiosks supply Pennsylvania residents with government service information. This combination of functions allows the capital costs to be shared among departments.

The following table profiles the Pennsylvania Office of Tourism:

PENNSYLVANIA OFFICE OF TOURISM	
Total FY 96 Budget	\$15,240,000
Full Time Staffing	8
Dedicated Funding Source	No
Ownership Structure	State Agency
Affiliation with Film Industry	Separate Office within Department
Number of Regions	5
Matching/Coop Grant	Yes - 2:1 county, 2.25:1 region
Out-of-State/Foreign Representation	London, Cologne, Tokyo
Visitor Centers	

Virginia: Virginia is for Lovers

Virginia has traditionally been one of America's strongest tourist markets, despite the lack of a dominant in-state metropolitan area, a condition similar to New Jersey's. In the early 1990's Virginia began to lose market share, attributed to the continued erosion of tourism promotional and developmental budgets, a lack of capital investment in the development of new attractions, services and related infrastructure, and insufficient coordination of tourism related activities within state government and between state government and the private sector.

A commission of industry leaders ultimately recommended that the Tourism Division be privatized (in fact, the entire Department of Economic Development was privatized.) One element of the privatization was the attraction of private dollars to statewide marketing efforts. This dovetails with the state's Coop Advertising program which, unlike most state matching grants, is made available to any tourist-related marketer. States often restrict grants to non-profit organizations such as a regional council or CVB, while the Virginia Coop Advertising Fund can flow towards for-profit tourism industry entities such as an amusement park or hotel.

Additional benefits of privatization were the elimination of Civil Service, procurement, and Freedom of Information requirements. As a private entity, the Virginia Tourism Corporation now treats its strategic plans and other information as proprietary documents.

An "aggressive international plan" is one of five objectives in the Virginia Tourism Corporation's strategic plan. A significant portion of Virginia's marketing effort is international, ranking the state fourth in international advertising, and building on Virginia's participation in the interstate Capital Region USA (CR-USA) regional marketing organization.

The following table profiles the Virginia Tourism Corporation:

VIRGINIA TOURISM CORPORATION PROFILE	
Total FY 96 Budget	\$13,035,000
Full Time Staffing	46
Dedicated Funding Source	No
Ownership Structure	Non-Profit Corporation
Affiliation with Film Industry	Internal
Number of Regions	6
Matching/Coop Grant	Yes
Out-of-State/Foreign Representation	DC, U.K., Germany, France, Japan
Visitor Centers	Unknown

Best Practices

Analysis of regional competitors and of other innovative state tourism offices identifies “best practices.” These are programs, organizational structures, funding mechanisms, and marketing strategies that increase organizational effectiveness and maximize the impact of limited resources.

Comprehensive Visitor Research

The Florida Tourism Industry Marketing Corporation collects a comprehensive amount of data through a variety of sources, surpassing the efforts of the average tourism office. The U.S. Travel Data Center TravelScope Cooperative survey provides annual reports and quarterly updates on visitor tracking information. This information discloses the markets that visitors originate from, Florida’s share in those markets and who their competitors are. Nielsen information presents a detailed picture of that market’s demographics and economic trends.

The FTIMC complements these sources with surveying conducted by internal staff. These surveys are conducted both in Florida airports and at Florida Welcome Centers or roadside stops. Participants receive fresh Florida orange juice for their time. The internal surveys provide detailed information on the planning habits, activities, and spending of travelers by market.

The FTIMC combines all of this information into quantitative market indices and uses the indices to assess the value of a market and gauge Florida’s success in penetrating that market. An index also provides the FTIMC with a benchmark to judge the agency’s success by market from year to year. Detailed, reliable, historical information about markets and state tourism performance is a powerful management tool for short-term tactics and long-term strategy.

Franchised Welcome Centers

The State of California franchises its Welcome Centers to private operators. Attractions pay the space and supply costs of operating a Welcome Center in order to draw visitors into their establishments. The California Division of Tourism (CalTour) actively seeks attractions such as outlet malls and offers them the chance to franchise a Center. There are currently two centers with three more planned. Each center pays \$5,000 to operate a center, but CalTour reports that the program is not fully self-sustaining yet and it must bear a small administrative cost. The program provides visitor information at greater coverage and far less cost than would be possible through the Division’s budget. It should be noted that this was CalTour’s approach from the start, and that New Jersey would start from a different position in privatizing its existing welcome centers

Training Initiatives

Customer service is an important factor in tourism success. Recently state tourism offices have developed pro-active approaches to training quality tourism employees. The Wisconsin Department of Tourism and the Maryland Office of Tourism Development have both implemented tourism curricula in their state school-to-work programs. School-to-work programs enroll high school juniors and seniors in a curriculum that prepares them for specific careers. The Maryland program was implemented in conjunction with the State Department of Education and funded by a \$5 million federal jobs training grant.

Creation of an Advisory Board or Commission

A number of states have adopted advisory boards involving private sector input and guidance. States incorporating this element in recent years include California, Connecticut, Florida, Maryland, and Virginia. In the cases of Florida and Virginia, this oversight eventually led to privatization of the tourism office. These boards provide valuable expertise to state tourism efforts. Private sector participation in state tourism guidance develops commitment in the industry to state tourism goals. The boards of these states are charged with formulating or updating strategic plans, dealing with long-term issues, and managing Coop funds. Convention and Visitors Bureaus commonly incorporate this structure, partly because they depend upon membership dues more than state offices do.

Research as Public Relations

Timely, unbiased information on the economic impact and performance of tourism strengthens the perception of tourism as a valuable industry. Research on economic impact, advertising awareness, and visitation patterns are standard in the industry. Many tourism offices are now required to track and report such information as tourism's return on investment (ROI) to the legislature or governing agency. A few states are notable for their degree of effectiveness in presenting this information.

South Carolina creates quarterly updates of economic impact by region. The Governor uses these figures in press conferences and releases. The timely nature of the data and high profile of the deliverer spotlight the tourism industry's contribution to that state. Tourism is embraced by residents as an important industry, which creates strong intrastate travel and prepares residents to be gracious hosts. Tourism officials participate in the annual conference of South Carolina's Board of Economic Advisors.

In California, CalTour publishes a quarterly newsletter on research. This document disseminates information throughout California's tourism community. CalTour presents annual reports on economic impact, domestic and international travel performance and other important indicators. These reports are also placed on extra step CalTour takes is placing these reports on its internet website. CalTour is also investigating an intranet connection between tourism organizations and attractions in order to disseminate information.

Regional Support a Separate Priority at the State Level

State support of regional tourism agencies as a distinct budget and policy item strengthens tourism as a whole. This can be accomplished either through a budget line-item for regional organization grants, or through state dedication of revenue sources to the local level. Massachusetts provides a separate dedicated line-item in state appropriations for support of regional organizations. This makes clear that promotion at the state and local levels are important. At the same time, each can be prioritized differently. A cut in state funding does not necessarily mean a cut in regional support.

Dedicating revenues to local sources provides a solid support for tourism. Connecticut and Florida dedicate auto rental taxes to state tourism and set aside hotel tax revenues for local agencies. The state provides local organizations with a steady revenue source and leaves them the flexibility to spend it. In many cases the state merely provides municipalities or regions with the legal authority to enact a dedicated tax; local governments or voters must actually approve its use.

Open Cooperative Funds

State tourism offices are seeking ways to improve resources in restrictive funding environments. One way is to create a cooperative marketing fund. Coop funds use public dollars as “seed” money to leverage against private industry support. Coop funds are usually implemented in conjunction with advisory boards. The Virginia Tourism Corporation operates a coop fund with \$2.5 million in base support from the state. Funds are available for any tourism-related entity within state limits. Often public tourism offices can grant only to non-profit entities, but Virginia now has greater freedom to choose investments. It is uncertain whether coop funds will actually generate greater funding levels than otherwise possible but it is certainly an interesting attempt.

Interstate Collaborative Marketing

Another way to leverage funding is to participate in collaborative marketing of the broader region. Capital Region USA (CR-USA) and Discover New England are two such interstate marketing alliances. An overlapping region is presented to international markets as one cohesive destination, presenting a package of attractions. This package is given visibility at a portion of the cost that the participant would bear individually. The New Jersey Division of Travel and Tourism is currently exploring the development of a “Gateway America” regional marketing alliance with New York, Pennsylvania, and Delaware.

Electronic Kiosks

Kiosks are rapidly growing as tourism support services as the Information Age continues to expand. Kiosks provide visitor information and enhance visibility at long-term cost savings over full-fledged visitor centers. South Carolina is installing kiosks that allow route development and reservation capability. The CR-USA Capital Region marketing group may install group kiosks for each member. Pennsylvania leveraged tourism office investment in kiosks by including a host of government agency and service information and sharing the capital development costs. New Jersey is currently experimenting with electronic kiosks at Newark International Airport under a project sponsored by the Prosperity New Jersey Tourism Industry Advisory Committee.

F. Financing Tourism Promotion and Development

Promotion and development of tourism assets can cost significant money. Several trends have led to intensified competition between states to attract visitors, including:

- Reduced transportation costs, including air fare and automobile travel, have enabled leisure travelers to choose from a broader array of potential destinations.
- Development of new destination attractions nationwide have increased the options for leisure travelers.
- Development of new convention facilities nationwide have increased the array of potential destinations for organizations planning national conventions.
- State governments have discovered the increasing importance of tourism in economic development.
- Economic conditions and lifestyles have changed so that leisure travelers are more apt to plan and shop for their vacation to fit their exact needs - the touring consumer has become more sophisticated.

For these reasons and others, the competition for visitors has increased and states have been working to improve the promotion and quality of their tourism assets. Like any other business, tourism promotion requires a combination of advertising, public relations, and marketing to effectively reach and persuade consumers. Like any other business, tourism requires reinvestment to continually improve the quality of the product or else risk losing market share.

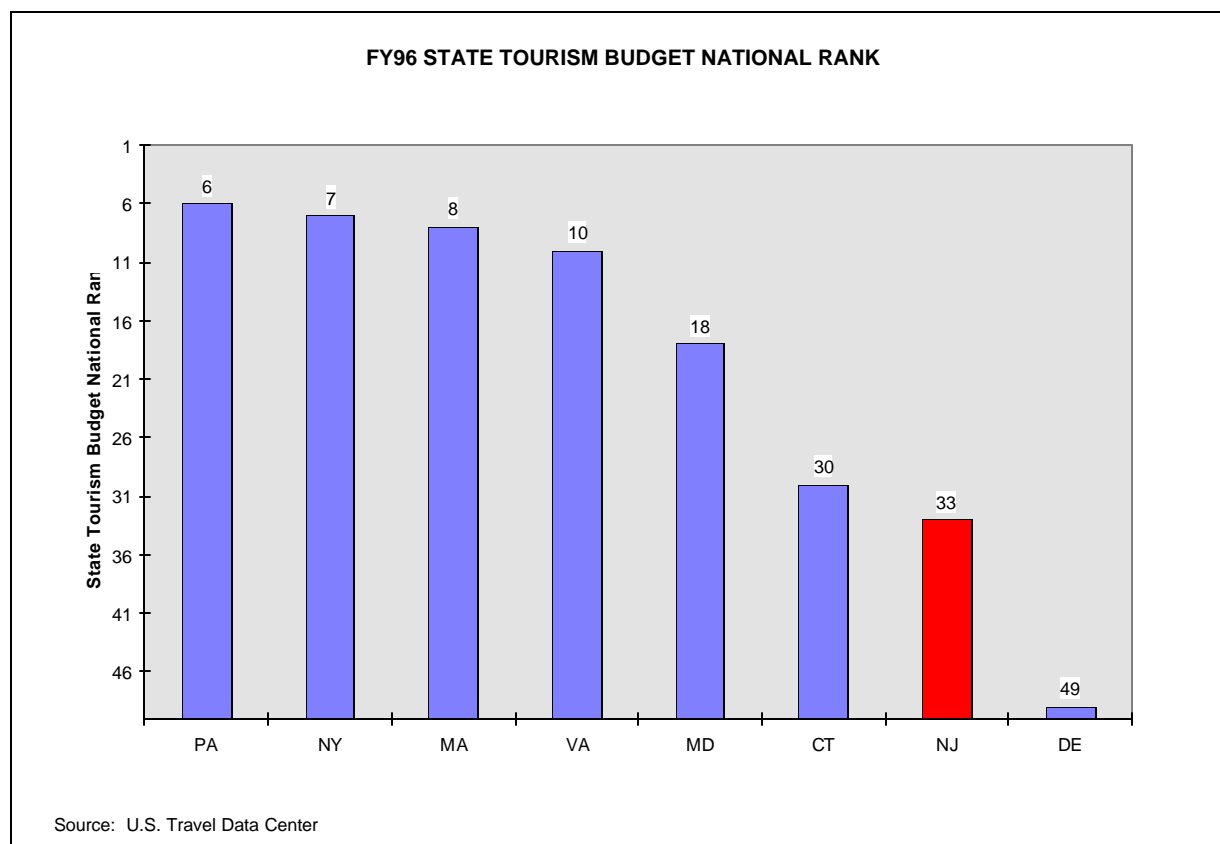
This section of the current assessment looks at the financing of tourism in New Jersey relative to its competitors, identifies existing sources of funding which have the potential to support tourism promotion and development in New Jersey, and examines alternative mechanisms for financing tourism promotion and development.

New Jersey Tourism Funding Competitive Situation

New Jersey competes within the region to attract visitors and visitor expenditures. In addition, due to the importance of Atlantic City gaming to the State's tourism industry, New Jersey competes with other gaming destinations, such as Nevada.

New Jersey's State Tourism Budget Ranks 33rd Yet the State Ranks 7th in Domestic Visitor Receipts

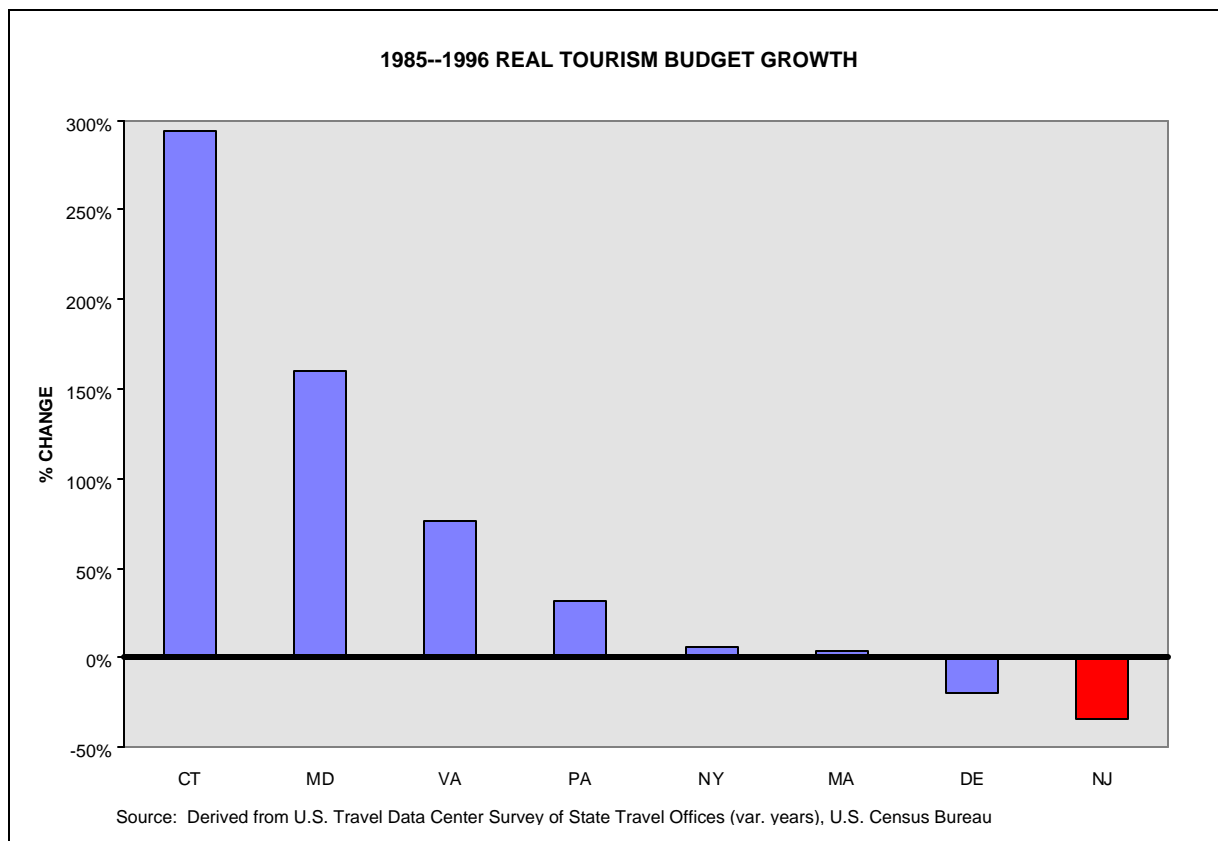
While New Jersey ranked thirty-third nationally in state tourism office budgets, the State ranked seventh nationally in domestic visitor receipts and thirteenth nationally in international visitor receipts. The following column chart shows New Jersey's national tourism budget ranking relative to its regional competitors.



Four of New Jersey's competitors rank in the top ten nationally in terms of state tourism funding. Pennsylvania, New York, and Massachusetts are ranked sixth through eighth while Virginia is tenth nationally. Connecticut is slightly ahead of New Jersey at number thirty. New Jersey is seventh of eight competitor states, spending more in tourism than only Delaware.

New Jersey's Competitors have been Increasing Their Investment in Tourism

The states with which New Jersey competes have been increasing their spending on tourism promotion and development. The following chart illustrates for New Jersey and its competitors the percent increase or decrease in state tourism budget between 1985 and 1996, adjusted for inflation.

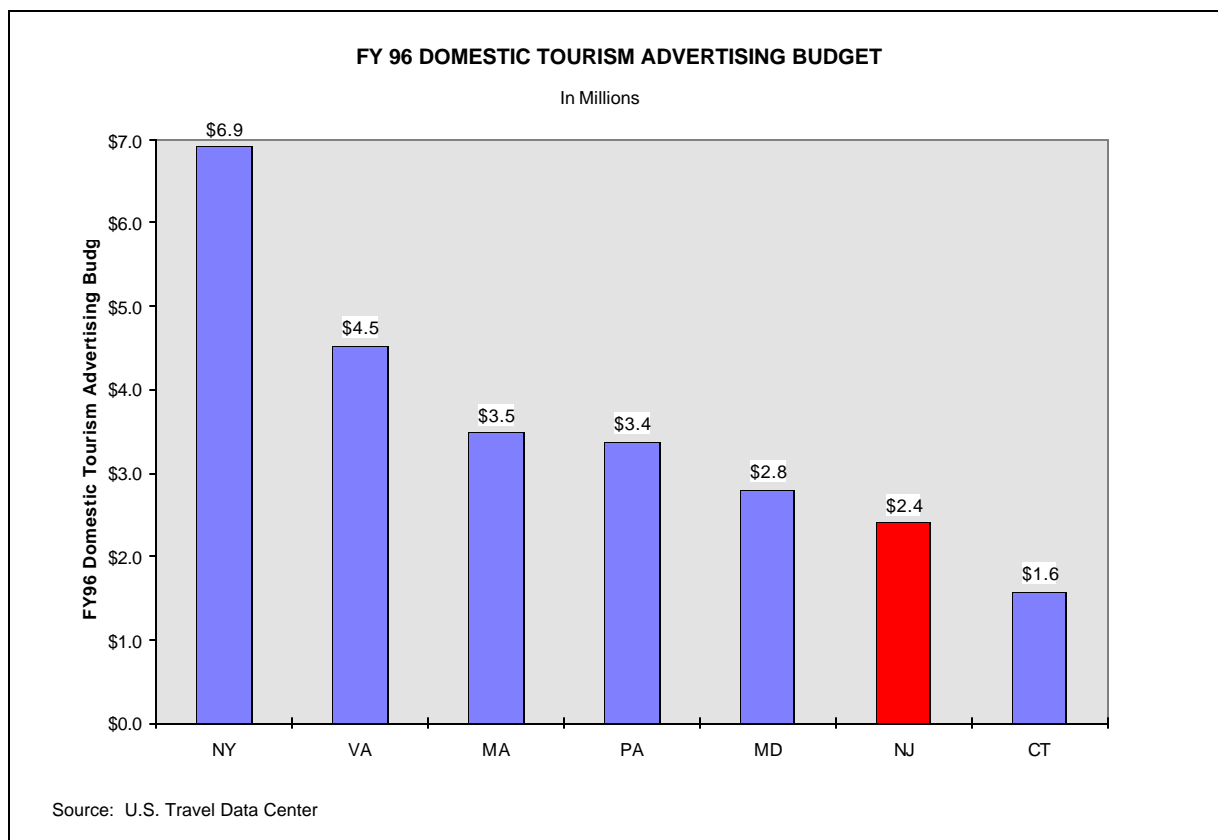


In 1985, the New Jersey state tourism budget ranked fourth out of eight. In 1994, the budget for the New Jersey Division of Travel & Tourism was increased by a million dollars, but by 1996, New Jersey's rank had fallen to seventh out of eight.

Over the period that New Jersey's tourism funding has declined by 30% in constant dollars, Connecticut's has nearly tripled. Connecticut has become a key competitor for gaming and day travel markets. Maryland and Virginia have also increased their budgets significantly, 161% and 76% respectively. New York and Massachusetts have been relatively stable.

New Jersey's Competitors have Larger Advertising Budgets

One impact of the relative tourism budget differences is the amount of advertising which New Jersey can buy relative to its competitors. Advertising provides the ability to reach consumers generally through mass media such as broadcast television, national magazines, and newspapers. It is also increasingly important to reach niche markets as the travel industry becomes more competitive. The following charts shows the state tourism advertising budgets for New Jersey and its competitors for FY96.

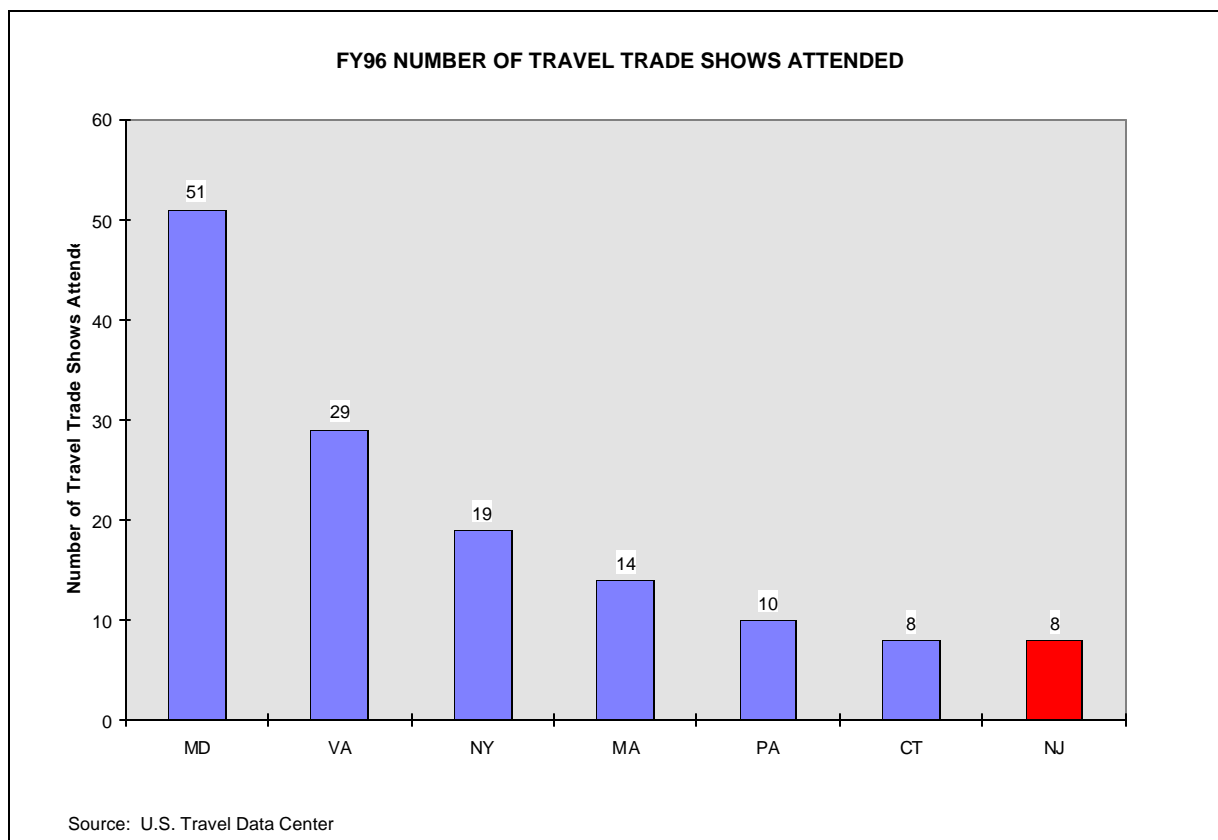


New York spent \$6.9 million on advertising, well ahead of the other regional states. Virginia is second at \$4.5 million and Massachusetts third with \$3.5 million spent on advertising. New Jersey is seventh of eight states with \$2.4 million allocated to domestic advertising in FY96.

New Jersey's advertising budget includes its public relations and advertising contract with Poppe Tyson, radio advertising contract with the New Jersey Broadcasters Association, and television programming for "Discover New Jersey" on the New Jersey Network. In addition, the Division leverages its advertising and marketing expenditures through matching programs with cooperative marketing partners.

New Jersey's Competitors Participate in More Travel Trade Shows

New Jersey's competitors invest more in personal marketing to the travel trade, including tour operators, motorcoach operators, and receptive operators. Trade shows are also an important means of selling the state to travel agents, meeting planners, and other key tourism players. They are also an effective vehicle to reach market niches, whether geographic (e.g., Ontario Motorcoach Association's Marketplace) or ethnic (e.g., National Coalition of Black Meeting Planners). The following chart shows the number of travel trade shows attended by New Jersey and its competitors in FY96.



Maryland participated in 51 travel shows during FY96. Virginia is second with 29 shows, and New York third with 19 shows. New Jersey and Connecticut participated in the fewest travel shows with eight each.

Familiarization (FAM) tours are another important means of educating the travel trade on New Jersey's tourism assets. Given resource constraints, the New Jersey Division of Travel and Tourism can only organize a few FAM tours per year, limiting the State's ability to highlight particular market segments and effectively utilize the travel trade to distribute New Jersey's tourism products.

Existing Sources of State Funding in New Jersey

The State of New Jersey has a number of programs and funds which might be used to provide support to tourism products, services or infrastructure.

General Fund Sources

While tourism promotion funds are primarily based in the Division of Travel & Tourism, other state agencies with responsibility for operating tourism assets generally have some allocation for marketing and promotion. The following table identifies several General Fund sources which might be applied towards tourism promotion:

General Fund Availability		\$ in Millions	
Department	Program	FY 97	Estimated FY 98
Banking and Insurance	Pinelands Development Credit Bank	n/a	n/a
Banking and Insurance	Community Reinvestment Act	n/a	n/a
Commerce and Economic Development	Economic Development	11.5	4.0
Commerce and Economic Development	Grants-in-Aid	15.4	15.3
Commerce and Economic Development	Business Employment Incentive Program	n/a	n/a
Commerce and Economic Development	Development for Small Businesses and Women and Minority Businesses	1.0	1.0
Environmental Protection	Parks Management	28.1	28.4
Environmental Protection	Hudson River Parkway		2.0
State	Support of the Arts		10.1
State	Museum Services	1.9	1.7
State	Development of Historical Resources	0.4	0.3

Source: State of New Jersey FY 1998 Budget in Brief, New Jersey FY 1998 Abbreviated Budget

The Department of Commerce and Economic Development, home to the Division of Travel & Tourism, might play additionally important roles in tourism promotion and development. The Department is ideally positioned to promote the links between a healthy tourism industry, a healthy business climate, and residential quality of life.

The Department of Environmental Protection has management responsibilities for the State's parks and natural resource settings. The Department is ideally positioned to promote New Jersey's natural beauty and opportunities for recreation and ecotourism.

The Department of State is home to the New Jersey Council on the Arts and therefore plays an important role in the promotion of arts, cultural, and heritage opportunities for residents and visitors alike.

State Authorities

In addition to state authorities directly related to tourism, such as the New Jersey Sports & Exposition Authority and the Atlantic City Convention & Visitors Authority, New Jersey has a number of state funding authorities which might be used to support tourism development efforts. The following table identifies several potential state authority funding sources:

Authority Availability		\$ in millions
Authority		FY 96 Fund Balance
Casino Reinvestment Development Authority		79.9
NJ Developmental Authority for Small Businesses, Minorities' and Women's Enterprises		4.7
NJ Urban Development Corp.		21.4
Hackensack Meadowlands Development Commission		7.381 *
NJ Economic Development Authority		7.777 *

* Cash

Source: State of New Jersey FY 1998 Budget in Brief, New Jersey FY 1998 Abbreviated Budget, FY 1996 CAFR

The Casino Reinvestment Development Authority has played a major role in the revitalization of Atlantic City and has participated in the financing of important economic development projects in the region and throughout the State.

The New Jersey Economic Development Authority provides various capital financing programs to support business and community development efforts throughout the State. Some of these programs include the pooled resources of private sector partner institutions. The NJEDA might play a large role in financing tourism development projects which would improve business and employment in the State.

Special Revenue Funds

Other special revenue funds are targeted for programs which relate to tourism development. The following table identifies several such sources which might be applied to tourism projects:

Special Revenue Fund Availability		\$ in millions	
Fund	Funding Authority	FY 97	
		Fund	Balance
Cultural Centers and Historic Preservation Fund	100	18.0	
Enterprise Zone Assistance Fund		87.2	
Green Trust Fund		73.6	
1983 NJ Green Acres Fund	135	21.1	
1989 NJ Green Acres Fund	110	7.3	
1992 Green Acres Fund	80	-8.4	
1989 NJ Green Trust Fund	120	41.9	
1992 NJ Green Trust Fund	120	9.4	
NJ Local Development Financing Fund	45	33.2	
Pinelands Infrastructure Trust Fund	30	10.6	

Source: State of New Jersey FY 1998 Budget in Brief, New Jersey FY 1998 Abbreviated Budget, 1997 CAFR

The Green Acres Fund is managed by the Department of Environmental Protection and targeted for the conservation and preservation of open space. As such, these funds might be appropriate for tourism-related projects such as the creation of greenways to connect attractions.

The Pinelands Infrastructure Trust Fund is managed by the Pinelands Commission and targeted for improvements to the environmentally sensitive region. As such, these funds might be appropriate for tourism-related projects such as the development of improved yet sustainable access to the ecotourism opportunities within the Pinelands.

Comparative State Funding Mechanisms

In the U.S. various mechanisms are available for generating revenues for tourism promotion.

New Jersey and its Competitors Use General Fund Revenues for Tourism Promotion

The following table shows the source of revenue used to fund the state tourism office budget in New Jersey and in its regional competitors.

Sources of State Tourism Office Funding		
STATE	SOURCE	AMOUNT DEDICATED TO TOURISM
CONNECTICUT	Auto Rental Surcharge	\$1/day fee: rec. 100%
DELAWARE	General Fund	
MARYLAND	General Fund	
MASSACHUSETTS	Hotel Tax	1.18%
NEW JERSEY	General Fund	
NEW YORK	General Fund	
PENNSYLVANIA	General Fund	
VIRGINIA	General Fund	

Source: U.S. Travel Data Center Survey of State Travel Offices, 1995-1996

Six of the eight states appropriate state tourism office budgets from the state's general fund. Connecticut uses a dedicated auto rental surcharge of one dollar per day to fund its tourism office, and Massachusetts uses a 1.18% hotel tax.

Alternative Dedicated Revenue Mechanisms

Earmarking of revenues for specific purposes is a common practice at all levels of government. The perception is that voters may be more receptive to taxes pledged to specific uses. This is particularly true when those uses are related to the source of the funding, such as the imposition of gas taxes for highway funds, taxes on chemical products for environmental clean-up costs, and hotel taxes for tourism or urban entertainment facility support.

In fact, hotel taxes are the most common means of funding local convention & visitors bureaus and is the most common dedicated revenue mechanism used to finance state tourism promotion. If the tax rate is carefully set to avoid becoming a deterrence to visitors, the mechanism can be popular with hoteliers, who benefit from the increased room nights generated through promotion, and with taxpayers, since the cost of promotion is borne by the visitor. The following table shows the various mechanisms used by states to generate a dedicated revenue stream for state tourism promotion:

Mechanisms for Generating Dedicated Revenue for State Tourism Promotion

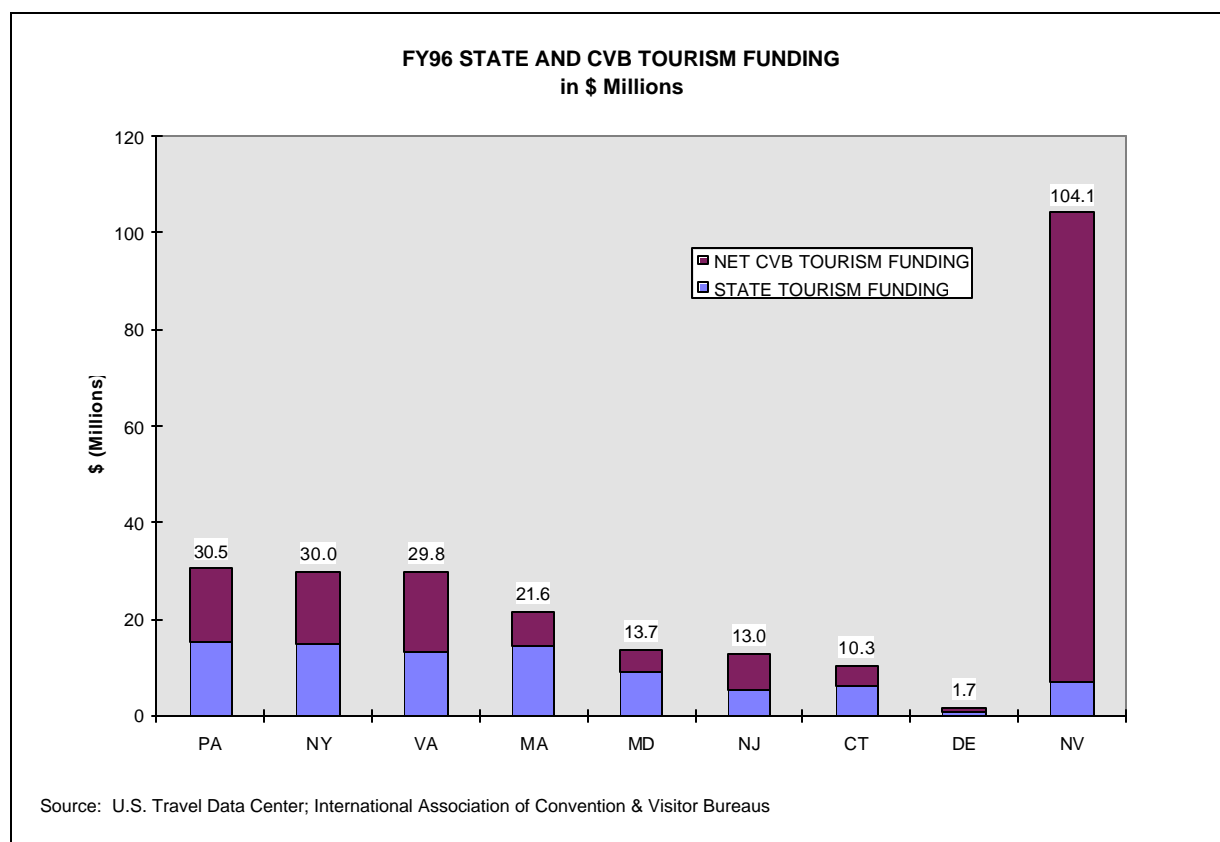
STATE	SOURCE	STATEWIDE RATE DEDICATED TO TOURISM	DEDICATED AMOUNT FY96 (\$ million)
ALABAMA	Hotel Tax	1%	6.3
ARIZONA	Hotel Tax	0.5%	2.6
ARKANSAS	Tourism Tax	2%	6.8
CONNECTICUT	Auto Rental Surcharge	\$1/day fee: rec. 100%	4.7
FLORIDA	Auto Rental Surcharge	\$2/day fee: rec. 15.75%	15.9
IDAHO	Hotel Tax	2%	4.1
ILLINOIS	Hotel Tax	1%	31.5
INDIANA	Hotel Tax	2%	3.5
KANSAS	Gaming Tax	formula-based	2.0
MASSACHUSETTS	Hotel Tax	1.18%	14.5
MONTANA	Hotel Tax	2.48%	5.9
NEBRASKA	Hotel Tax	formula-based	2.1
NEVADA	Hotel Tax	0.38%	6.9
OKLAHOMA	Tourism Tax	formula-based	4.2
OREGON	Lottery	formula-based	2.7
RHODE ISLAND	Hotel Tax	1.35%	2.4
SOUTH CAROLINA	Admissions Tax	5%	17.3
SOUTH DAKOTA	Gaming Tax	formula-based	1.4
	Hotel and Amusement Tax	1%	1.9
TEXAS	Hotel Tax	0.5%	12.9
UTAH	Hotel Tax	3%	n/a

Source: U.S. Travel Data Center Survey of State Travel Offices, 1995-1996

The chart does not represent hotel taxes that are collected and dedicated to tourism but do not flow to the state tourism office. For example, both California and Connecticut collect hotel taxes that benefit convention & visitor bureaus and regional agencies, respectively.

Dedicated CVB Funding Can Significantly Boost Total Promotion Funding

The dedicated funding mechanisms typically used to finance convention & visitors bureaus can provide a significant supplement to general fund financing of state tourism promotion efforts. The following chart shows the total of state tourism office funding and CVB funding for New Jersey and its competitors, including Nevada. Matching grants from the state to local organizations have been netted out to avoid double counting, except in the case of Massachusetts where grants go primarily to regional associations other than CVBs.



Of the regional competitors, Pennsylvania, New York, and Virginia dominate in total tourism support as they do in state support. When CVB funding is included, New Jersey's position is improved relative to Maryland and Connecticut, due to the significant dedicated revenue financing the Atlantic City Convention and Visitors Authority (ACCVA).

The budget of the ACCVA is on a par with those of the nearby New York City CVB and Philadelphia CVB. However, Atlantic City's main competition for the gaming market, aside from regional competition in Connecticut, is Las Vegas and other Nevada sites. While the Nevada state tourism budget is only slightly larger than New Jersey's, the dedicated revenue streams that support the Las Vegas and Reno CVBs dwarf the combined funding of tourism in the New Jersey, as well as its regional competitors.

Comparative Tourism Promotion Organizational Structures

State tourism promotion is undergoing a period of change. Heightened awareness of the benefits of tourism have made the industry more competitive. This competition is driving innovation on the part of state governments and increased collaboration with the private sector. The mission of state tourism agencies is fairly consistent: to promote the state's attractions and to foster economic development. How states go about that mission is changing. The key structural points of difference are:

- Control and Legal Status of Agency: Public or Private?
- Emphasis on Level: State, Regional, County/City?

The public/private distinction is undergoing the most movement. The second two points are on-going issues with longer histories of discussion.

Public or Private?

The dominant model in state tourism promotion has been that of a state government office located within a Department of Economic or Business Development. This state agency features a Director appointed by the head of the Economic Development Department or Governor and subject to legislative approval. The agency is dependent on state tax or use revenues and subject to the laws applicable to such funds. The agency is bound by government restrictions such as Civil Service laws and open records requirements.

Recently, states have begun experimenting with the privatization of tourism promotion services. A handful of states have moved away from the public sector model by creating non-profit corporations or authorities to deliver these services. Brief characteristics of the states that have undertaken this shift follow:

- **Colorado.** Formerly marketed tourism through the Colorado Tourism Board, located in the Department of Local Affairs. The Tourism Board was ranked in the top 10 nationally in funding, and derived its funding from a dedicated portion of the state sales tax. In 1994 the Colorado legislature abolished the Tourism Board and its dedicated source of funds. A state Travel and Tourism Authority was formed to collect and use voluntary contributions from the travel industry. While the Authority is the only state agency to have withheld information from the U.S. Travel Data Center survey in recent years, recent news indicates that the Authority is struggling to survive financially, let alone grow tourism. This failure has been attributed primarily to the loss of a dedicated funding source for tourism.
- **Rhode Island.** In 1995, Rhode Island's Department of Economic Development including its Tourism Division was replaced by an Economic Development Corporation. The leadership of the former public model structure had established a dedicated hotel tax that remains in place as funding for the Economic Development Corporation. Both funding and staffing have been stable.

- **Virginia.** The Tourism Division of the Commonwealth of Virginia was privatized in 1996 and now exists as the Virginia Tourism Corporation. This has increased Virginia's flexibility by allowing more cooperative marketing efforts through direct private funding. In the past, direct grants to for-profit entities were prohibited by law. Prior to and throughout the transition, State funding and staffing have been stable. The extent of additional private sector revenue is unavailable for proprietary reasons.
- **Florida.** The Florida Commission on Tourism was created in 1992 to provide industry input into the operations of the state Division of Tourism. As the Department of Economic Development was privatized by the Florida legislature in 1996, the tourism marketing function was spun off into a separate corporation linked to the Commission on Tourism, the Florida Tourism Industry Marketing Corporation (FTIMC). Staff carryover is mixed, but a dedicated source of funding, a car rental surcharge, remains at the disposal of the FTIMC. The FTIMC pledges to match public funds with private contributions by FY1999. There are concerns as to the ability of the Corporation to raise private funds when contribution is strictly on a voluntary basis.
- **New York.** New York has a long history involving public authorities and non-profit corporations. There have been recent discussions regarding privatization of the State Department of Economic Development in which the Division of Tourism is housed to become part of the Empire State Development Corporation. Currently, State funding is distributed to the weaker regions not supported by a private Convention and Visitors Bureau. With privatization, funding levels are expected to decrease slightly.

The advantages and drawbacks of forming non-profit corporations or authorities for travel do not all necessarily accrue to the agency itself; some have public policy ramifications that may in fact be opposed to the interest of the agency's management. The potential advantages of the privatization movement are:

- Greater freedom to accept private contributions.
- Greater freedom to spend funds. Public spending is held to stricter scrutiny on a variety of legal levels.
- Simpler, faster and more flexible contractual agreements.
- Proprietary rights on information. The Information Age is placing a premium on ideas and transfer of knowledge. In a competitive environment a public sector agency can not retain proprietary and competitive information. This is in conflict with the competitive environment in which tourism offices operate.
- Greater freedom in hiring, salary, and promotion policies (i.e. lack of Civil Service requirements.)

The potential disadvantages of privatization include:

- A non-profit is not inherently driven to be any more efficient than a government entity as there is still no profit motive.
- There is a potential lack of coordination between and adherence to environmental, conservation and land use planning.
- There is reduced accountability of taxpayer dollars through a weakened appointment chain and through retention of proprietary information. Budgets and operating plans are no longer public documents although public money may still be used.
- The interests of particular segments of the tourism industry may be inconsistent with the overall development policies of the State. Without accountability of the tourism function to the State government, there may conflicting development strategies being promoted.
- In a private sector model, the larger tourism players may receive more consideration than smaller participants. Within tourism, it is often the entertainment and accommodation assets that comprise the former category and historical and cultural assets that fall into the latter category. This creates a potential imbalance of the types of assets being promoted.

A privatized tourism office may increase revenues and promote more effectively, but at the expense of some of the considerations that led to state offices being created.

State, Regional, or Local?

Every state has an organization dedicated to promoting tourism within that state. Every major city has a Convention & Visitors Bureau (CVB) to promote its metropolitan region. However, in smaller urban areas or rural regions, the extent to which regional associations exist and promote tourism differs, as does the extent to which resources are concentrated at the state or local levels.

- **CVB Emphasis.** Annual state support of tourism in *Nevada* is seven million dollars. The Las Vegas CVB has a budget of \$102.9 million, far larger than any state office, and Reno has over twenty-nine million dollars available. Similarly, states such as *California*, *Texas*, and *Florida* have so many distinct urban areas with hotel tax funding that while Florida's state budget is large, local resources are far greater.
- **State Emphasis.** *Hawaii* is small geographically and lacks the diversity to require distinct promotional regions. State spending is second nationally at \$24.5 million, but local spending totals less than one million dollars. A less extreme example of state dominance is *Illinois*, which ranks first in state spending. Illinois has only one major urban center, Chicago, whose CVB has average funding of six million dollars.
- **Regional Emphasis.** Massachusetts is a state that falls between the two extremes. It is a compact state like Hawaii, yet diverse enough to contain urban, suburban, rural, and resort markets and attractions. The Boston CVB is moderately funded at \$5.5 million and the State

presence is also strong with the eighth-highest budget. Funding comes from a rooms tax with approximately half of the state tourism budget used for marketing. One-third is granted to the thirteen regional associations that must then contribute a matching amount through membership fees. This regional council method allows the state to provide support for diverse areas that are not dense or geographically large enough to support themselves, as a CVB would. Furthermore, while Cape Cod, Martha's Vineyard, and Nantucket are considered separate tourist regions, they are members of a single economic development region. This recognizes that while the regions remain distinct tourism destinations, they are economically linked.

IV. NEW JERSEY'S TOURISM FUTURE

A. MISSION, VISION, VALUES, AND PERFORMANCE TARGETS.....	2
<i>Mission</i>	2
<i>Vision</i>	2
#1: Tourism will be Recognized as a Vital Component of the New Jersey Economy	2
#2: New Jersey will be Recognized as a Destination with Diverse Attractions	2
#3: Residents will be Knowledgeable and Proud Ambassadors.....	2
#4: Tourism will Continue to be a Transformational Component of New Jersey's Urban and Rural Development Strategies	3
<i>Values</i>	3
#1: Commitment to a Quality Customer Experience	3
#2: Appreciation for What is Uniquely New Jersey	3
#3: Commitment to both Cooperation and Competition	3
#4: Respect for the Environmental and Community Impacts of Tourism.....	4
#5: Commitment to Long-term Investments.....	4
<i>Performance Targets</i>	4
Growth Scenarios for Visitation.....	5
Growth Scenarios for Visitor Expenditures	6
B. STRATEGIES & IMPLEMENTATION PLANS	7
<i>Target New Jersey's Best Markets</i>	8
Geographic Target Markets	8
T-1: Focus on the Core Markets of New Jersey, New York City and Philadelphia.....	8
T-2: Develop Markets Southward and Westward.....	9
T-3: Leverage New York City's Presence to Access International Markets.....	10
Primary Purpose of Trip	11
T-4: Improve Yield from Visits to Friends/Relatives	11
T-5: Target Natural Resource Opportunities	12
T-6: Extend Business Visitor Stays by Encouraging Spouse/ Partner Travel.....	12
T-7: Draw New Jersey, NYC and Philadelphia Cultural Visitors to New Jersey Sites	13
Visitor Interests.....	14
T-8: Support the Future of the Gaming Industry	14
T-9: Target the Touring Traveler	14
<i>Improve the Promotion of New Jersey's Tourism Products</i>	15
P-1: Increase Resident Awareness of New Jersey Attractions	15
P-2: Strengthen Relationships with the Travel Trade and Media.....	16
P-3: Develop Statewide and Regional Destination Themes	17
P-4: Aggressively Improve Roadway Signage	18
P-5: Develop Targeted Collateral Information.....	18
P-6: Develop One-Stop Shopping for Visitor Consultation and Reservation Service.....	19
P-7: Develop a Direct Marketing Capability.....	20
<i>Improve the Quality of New Jersey's Tourism Products and Services</i>	21
Products	21
Q-1: Expand Development of Itineraries and Travel Packages (see P-3)	21
Q-2: Support Existing and Develop New Major Annual Events and Festivals	22
Q-3: Develop Cultural and Historic Sites into Tourism Destinations.....	22
Q-4: Develop Ecotourism Opportunities	23
Q-5: Develop Urban Tourism Clusters	24
Q-6: Develop Scenic Byways and Touring Corridors.....	24
Q-7: Develop New Attractions	25
Q-8: Address Barriers to Tourism Development	25
Services.....	26
Q-9: Support Expansion of Airline Service to New Jersey	26
Q-10: Improve Access to Hospitality Training.....	26

Q-11: Expand Hotel/Motel Capacity	27
<i>Strengthen New Jersey's Tourism Organizations.....</i>	<i>28</i>
State Government	28
O-1: Establish an Inter-agency "Tourism Cabinet" to Coordinate State Activities Which Impact Tourism.....	28
O-2: Strengthen the Role of the Tourism Advisory Council.....	29
O-3: Commit to Interstate Cooperation	29
Industry Organizations	30
O-4: Reexamine the Structure and Role of New Jersey's Regional Tourism Councils.....	30
O-5: Encourage the Development of Strong Local Marketing Organizations.....	31
O-6: Establish On-going Program to Support Cultural & Heritage Tourism.....	31
<i>Expand Access to Financing for Tourism Development and Promotion.....</i>	<i>32</i>
F-1: Increase Awareness of Tourism's Economic Benefits	32
F-2: Aggressively Pursue Private Matching Programs	33
F-3: Access Existing State Financial Sources to Support Tourism Development	33
F-4: Secure Federal Funding for the Preservation of Natural, Cultural and Historic Assets.....	34
F-5: Consider Regional Self-Assessment Mechanisms	34
F-6: Apply State Development Programs to Encourage Investment in New Jersey Tourism.....	35

IV. New Jersey's Tourism Future

A. Mission, Vision, Values, and Performance Targets

Three key concepts were paramount during the formulation of the strategic recommendations and action steps of the tourism master plan: mission, vision and values.

Mission

Any strategic plan is grounded in the primary purpose, or mission, for which it is intended. The mission for the New Jersey tourism master plan is:

To establish a ten-year plan for improving the ability of the tourism industry to contribute to the quality of life, prosperity, and economic well-being of New Jersey residents.

Vision

The vision which has emerged from the master planning process is a shared expression of what the tourism industry is and should be in New Jersey. Repeatedly heard through the interviews and roundtable discussions were the following visionary themes:

#1: Tourism will be Recognized as a Vital Component of the New Jersey Economy

Today, tourism plays a significant role in the state's economy, but this role is sometimes not fully appreciated by the state's policymakers, businesses, and citizens. Some states, including New Jersey, have clearly seen the results from their commitment to tourism development. In the future, New Jersey's people fully recognize tourism as an important industry.

#2: New Jersey will be Recognized as a Destination with Diverse Attractions

Today, if one asks about tourism in New Jersey the response is invariably Atlantic City and the shore communities. In fact, New Jersey benefits from significant tourism assets in all regions of the state. In the future, the great diversity of New Jersey's tourism attractions will be widely recognized.

#3: Residents will be Knowledgeable and Proud Ambassadors

Today, many residents are unaware of New Jersey's many attractions and direct visiting friends and relatives to attractions outside the state. In addition, many residents vacation away from New Jersey, even when they could enjoy similar activities closer to home. In the future, New Jersey residents will be the best customers and best spokespeople for New Jersey tourism.

#4: Tourism will Continue to be a Transformational Component of New Jersey's Urban and Rural Development Strategies

Today, much of the economic development efforts of state, county, and local government officials are directed towards attracting or growing manufacturing industries. As the Atlantic City, Newark, and Camden experiences are demonstrating, tourism provides unique opportunities for urban redevelopment efforts. Similarly, opportunities exist to capitalize on rural tourism assets. In the future, tourism will be an even more integral element in New Jersey's economic development strategies.

Values

During the master planning process, the values expressed by interview and roundtable participants were sometimes in agreement and sometimes in conflict. Building on shared values will play an important role in the successful implementation of the plan. Some of the most important values which influenced the development of the master plan and will influence its successful execution include:

#1: Commitment to a Quality Customer Experience

Commitment to the visitor is the most important value necessary for improving tourism in New Jersey. Attention to the customer should guide how attractions and services are enhanced or developed. A spirit of hospitality should be the overriding value behind tourism in New Jersey.

#2: Appreciation for What is Uniquely New Jersey

Pride in New Jersey's people, history, culture and natural resources is an important value upon which tourism opportunities can be developed. By leveraging unique assets, the industry will offer visitors something which our competitor states cannot offer.

#3: Commitment to both Cooperation and Competition

Successful development of the industry will require commitment to two principles: effective collaboration and rigorous competition. Within New Jersey, collaboration is needed to develop packaged products which appeal to visitors and to pool resources for joint promotion. However, competition is also needed to provide choice and value for the consumer. Like a shopping mall, bringing together a critical mass of competitors generates synergies which result in higher visitation than could be accomplished by each business individually.

These two principles also extend to New Jersey's relationship with competing states. Visitor decisions are not driven by state boundaries or political jurisdictions and therefore, collaboration should be extended to neighboring states to attract visitors to the Mid-Atlantic region as a whole. Likewise, where a cluster of tourism attractions extend across state boundaries, such as metropolitan New York or the Delaware Water Gap region, interstate collaboration should be encouraged.

#4: Respect for the Environmental and Community Impacts of Tourism

Throughout the master planning input process, concern was expressed that industry growth not be at the expense of the environment or the local community. In addition, care must be taken so that expansion of the industry does not negatively impact the character of the tourism experience itself or the quality of life of the community. This principle particularly applies to rural, historic, and ecotourism development opportunities.

#5: Commitment to Long-term Investments

By its very nature, the tourism master plan calls for a long-term approach to developing the industry. Commitment to long-term investments is therefore an important value if the vision is to be realized. This is particularly true in the tourism industry where investments made in image promotion and trade relationships often take years to materialize in terms of increased visitation. Similarly, capital investment projects for urban and rural tourism require long-term commitment to build the critical mass of attractions and services necessary to sustain the area as a tourism destination.

Performance Targets

The tourism master plan will be implemented through a combination of existing, expanded, and new programs for tourism development and promotion. Performance targets should be set and monitored for each program to measure its effectiveness and efficiency in meeting objectives. However, the development and implementation of effective program performance measures is a complex undertaking due to a variety of factors, including:

- *Numerous Factors Influence Performance* - While the objective of a particular program may be to influence an outcome measure, many other factors may also contribute to the outcome and thus obscure the impact of the program. For example, the objectives of an advertising campaign may be to increase visitation, yet poor weather may contribute to decreased visitation even though the advertising campaign was effective in inspiring more people to plan visits.
- *Some Program Objectives are not Quantifiable* - While the objectives of a particular program may be relevant, they might not be easily quantified and measured. For example, improving New Jersey's image is an important goal, yet it is not readily measured.
- *Program Effects may Lag Program Efforts* - Sometimes the impact of a program is not immediately measurable and only generates results at a later period. For example, due to the nature of the travel trade, program efforts to build strong relationships with tour operators may not yield increased visitation for several years.

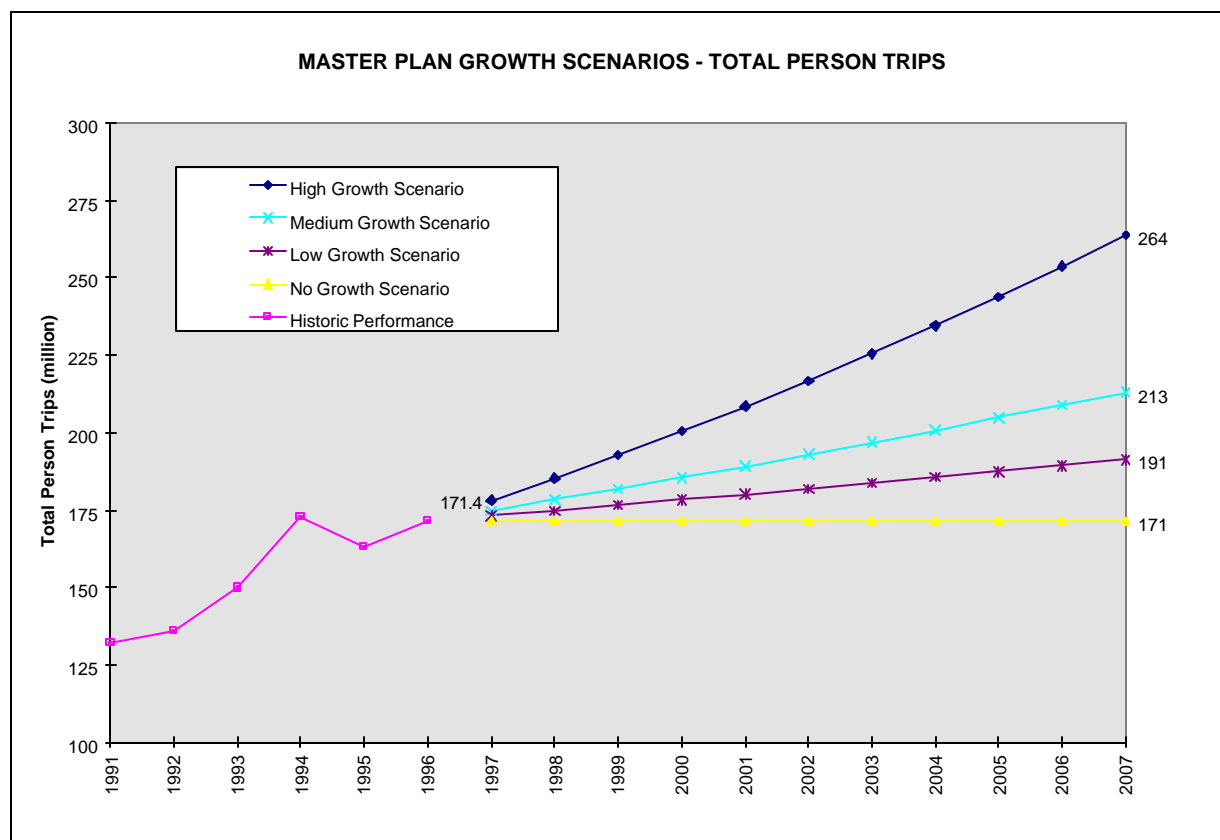
The tourism master plan is a comprehensive series of strategies to expand the tourism industry in New Jersey. While individual strategies and programs may have different objectives and performance measures, taken as a whole, the tourism master plan's primary objectives are to

increase visitation and tourism expenditures in New Jersey. These objectives can be measured and monitored through the Division of Travel & Tourism's annual research program, which has been conducted by Longwoods International since 1991. By monitoring individual program objectives against plan and by monitoring the performance of the industry as a whole, New Jersey should be better equipped to direct resources towards the most effective tourism development and promotion programs.

Growth Scenarios for Visitation

In 1996, New Jersey's tourism industry generated 171.4 million person trips. The master plan calls for the implementation of specific strategies which will generate growth *and* the capacity to handle increased visitation. Many factors will influence future growth in visitation, some of which will depend on the extent to which the master plan strategies are implemented and some of which cannot be controlled. The following table shows three growth scenarios for visitation:

Growth Scenario	Annual Growth	2007 Person-trips
Low	1.0%	191 million
Medium	2.0%	213 million
High	4.0%	264 million



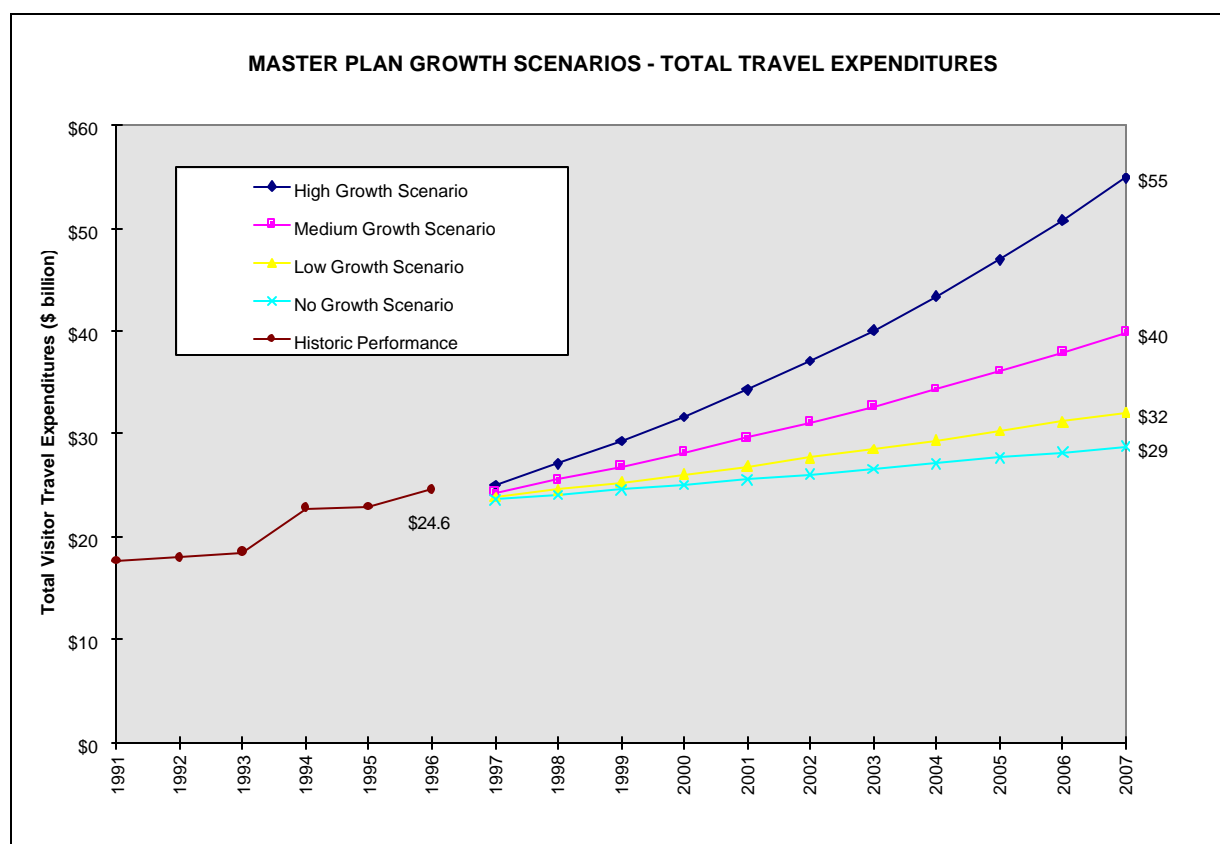
Depending on the future rate of growth actually experienced, visitation to New Jersey could increase over the next ten years up to 264 million.

Growth Scenarios for Visitor Expenditures

In 1996, New Jersey's tourism industry yielded a total of \$24.6 billion in visitor expenditures. The master plan calls for the implementation of specific strategies which will generate growth *and* the capacity to handle increased visitation. Of course, many factors will influence future growth in visitor expenditures, some of which will depend on the extent to which the master plan strategies are implemented and some of which cannot be controlled. The following table shows three growth scenarios for visitor expenditures, which are depicted in the graph:

Growth Scenario	Annual Growth	2007 Expenditures
No Growth	1.4%	\$29 billion
Low	2.4%	\$32 billion
Medium	4.4%	\$40 billion
High	7.5%	\$55 billion

Note: Annual growth rate includes inflation.



Depending on the future rate of growth, visitor expenditures in New Jersey could increase over the next ten years up to \$55 billion.

B. Strategies & Implementation Plans

The Tourism Master Plan addresses five key strategic areas for improving tourism in New Jersey:

- Target New Jersey's Best Markets (T-strategies)
- Improve the Promotion of New Jersey's Tourism Products (P-strategies)
- Improve the Quality of New Jersey's Tourism Products and Services (Q-strategies)
- Strengthen New Jersey's Tourism Organizations (O-strategies)
- Expand Access to Financing for Tourism Development and Promotion (F-strategies)

For each of the five areas, strategies are outlined for improving New Jersey tourism. The strategies were developed through the master planning process which includes input collected through roundtable discussions, industry interviews, competitor and best practice analysis, and discussions with the Division of Travel & Tourism. In addition to defining the strategy and its rationale, each strategy includes a table with the following implementation information:

Strategy #:	Strategy Name
Lead Org.:	<i>The lead organization should be charged with the responsibility of leading the implementation of the strategy through the coordination of the efforts of the supporting organizations.</i>
Supporting Organizations:	<i>Supporting organizations include public and private sector entities which have a stake in the outcome of the strategy and resources which can be applied to execute the strategy. While not an exhaustive list, the organizations listed represent some of the key entities which should be involved to execute the strategy.</i>
Performance Measures:	<i>Wherever practical, the outcomes for each strategy should be defined, measured, and evaluated to gauge both the effectiveness and efficiency of the programs implemented to execute the strategy. The implementation table references performance measures currently measured through the Division of Travel & Tourism's annual research program and/or suggests additional measures which should be monitored.</i>
Performance Targets:	<i>The performance targets represent stretch goals for improving performance. Where known, a baseline of current performance is also listed to demonstrate the extent of improvement called for in the master plan. Because the level of effort to implement each strategy is subject to the total private and public finances available, performance targets should be revisited as programs are initiated and funded. A key component of annual master plan monitoring should be the reevaluation of performance targets for each strategy and program.</i>

Target New Jersey's Best Markets

The essence of a marketing strategy is the definition of the target market. The Tourism Master Plan addresses this definition from three dimensions:

1. Geographic target markets
2. Primary Purpose of Trip
3. Visitor Activities

Geographic Target Markets

The primary strategic marketing question facing New Jersey is whether it should continue to focus on the traditional metropolitan markets of New York City and Philadelphia or should it focus resources on developing other markets?

T-1: Focus on the Core Markets of New Jersey, New York City and Philadelphia

The New York and Philadelphia metropolitan markets, which include many New Jersey residents, account for 91% of day trips and 53% of overnight trips to New Jersey destinations. While these geographic markets are well aware of New Jersey's casinos and beaches, there is less awareness of New Jersey's other tourism assets. Thus, there is significant market potential remaining for New Jersey to tap.

T-1: Focus on the Core Markets of New Jersey, New York City and Philadelphia	
Lead Org.:	New Jersey Division of Travel & Tourism (NJDTT)
Supporting Organizations:	New Jersey Network (NJN) New Jersey Broadcasters Association NJDTT's Cooperative Marketing Partners
Performance Measures:	Number of overnight person-trips from New York City and Philadelphia metropolitan areas (currently measured as part of NJDTT's annual research program)
Performance Targets:	1995 performance was 12.1 million overnight person trips from the NYC metropolitan region and 6.8 million from Philadelphia metropolitan region. New Jersey should increase visitation from these base markets by 2% per year.

T-2: Develop Markets Southward and Westward

As New Jersey seeks to expand its base markets, the emphasis should be on states to the south (Delaware, Maryland, Virginia) and west of New Jersey (New York, Pennsylvania, Ohio, Indiana) with less emphasis on the New England states. Several rationales support this strategy:

- New Jersey's location makes it a thoroughfare for drive traffic to New York and New England from these markets and provides opportunities to capture visitors to these popular destinations.
- The expansion of gaming in Connecticut threatens Atlantic City's northeastern markets. In states to the west and south, Atlantic City will remain the primary gaming destination.
- These markets are growing in population and affluence.

For all of these reasons, domestic marketing should be expanded south and west of New Jersey.

T-2: Develop Markets Southward and Westward	
Lead Org.:	New Jersey Division of Travel & Tourism (NJDTT)
Supporting Organizations:	NJDTT's Cooperative Marketing Partners Domestic Air Carriers AAA Clubs
Performance Measures:	Overnight trips from these target markets (currently measured as part of NJDTT's annual research program)
Performance Targets:	1995 performance was 5.9 million overnight person trips from PA and 1.9 million from MD. Data was not immediately available from other key markets. New Jersey should increase visitation from these developing markets by 4% per year.

T-3: Leverage New York City's Presence to Access International Markets

New York City leads all U.S. cities in overseas visitation with approximately 20% market share. In addition, the increasing trend towards repeat travel destinations represents an opportunity to position New Jersey for overseas NYC visitors looking for new activities. Considering the expense and expertise required to successfully penetrate overseas markets and the stage of development of New Jersey's tourism industry, independent and aggressive international marketing is a long range strategy. Nearer term, New Jersey's international marketing efforts should capitalize on New York City's presence and regional marketing alliances with neighboring states. Specific efforts should focus on:

- Actively participating in the "Gateway America" regional marketing alliance with New York, Pennsylvania, and Delaware
- Working with Continental Airlines and other carriers with international routes to Newark International Airport
- Collaborating with New Jersey's AAA Clubs to access the Canadian market through their CAA affiliates, and to access the United Kingdom market through AAA's partnership with Thomas Cook.

T-3: Leverage New York City's Presence to Access International Markets	
Lead Org.:	New Jersey Division of Travel & Tourism (NJDTT)
Supporting Organizations:	Port Authority of New York & New Jersey Gateway America (interstate marketing alliance) New Jersey Travel Industry Association NJDTT's Cooperative Marketing Partners
Performance Measures:	Overseas visitor trips to New Jersey (Currently not measured as part of NJDTT's annual research program. Estimates have been available through the International Trade Administration.)
Performance Targets:	1995 performance was 599,000 overseas visitors to New Jersey. New Jersey should increase visitation from overseas markets by 10% per year.

Primary Purpose of Trip

Another important dimension to defining target markets is the primary purpose of the trip:

- Visiting Friends/Relatives
- Outdoor Recreation
- Business
- Entertainment

Typically, each segment of the market has a different propensity to visit and different spending levels. In addition, a different approach is required for each segment.

T-4: Improve Yield from Visits to Friends/Relatives

The most popular purpose for visiting New Jersey, as in the U.S. in general, is to visit friends or relatives. While it is difficult to influence the number of VF/R trips, it is possible to increase the economic benefit of these visitors. New Jersey attractions share a widespread belief that many visitors staying with friends or relatives are directed outside New Jersey by their hosts, largely through a lack of familiarity with what is available in the state. Therefore, increasing resident awareness will have the two-fold effect of encouraging residents to explore New Jersey and encouraging more VF/R excursions and longer stays in New Jersey.

T-4: Improve Yield from Visits to Friends/Relatives	
Lead Org.:	New Jersey Division of Travel & Tourism (NJDTT)
Supporting Organizations:	New Jersey Network (NJN) New Jersey Broadcasters Association NJDTT's Cooperative Marketing Partners NJ Department of Education
Performance Measures:	Average expenditure per VF/R trip. (Currently <u>not</u> measured as part of NJDTT's annual research program)
Performance Targets:	Baseline not available.

T-5: Target Natural Resource Opportunities

In New Jersey, visits with the primary purpose of outdoor recreation are mainly directed toward beach visits. According to Longwoods International, while the percentage of overnight pleasure visitors going to the beach is significantly greater than average for other destinations, the percentage pursuing other outdoor recreation such as lakes/rivers/ocean, wilderness, rural areas, wildlife, and the natural environment are significantly less. New Jersey offers an abundance of outdoor recreation assets, many of which are located close to major destinations. These should be aggressively promoted to attract more visits from the outdoor recreation market segment.

T-5: Target Natural Resource Opportunities	
Lead Org.:	New Jersey Department of Environmental Protection (NJDEP)
Supporting Organizations:	New Jersey Division of Travel & Tourism (NJDTT) New Jersey Campground Owners Association
Performance Measures:	Day & overnight trips with natural resource activity (currently measured as part of NJDTT's annual research program).
Performance Targets:	1995 performance was 8.0 million day person trips (reasons for trip including outdoor, country, and skiing) and 1.3 million overnight person trips (reasons for trip including outdoor and country). New Jersey should increase visitation for natural resource activities by 5% per year.

T-6: Extend Business Visitor Stays by Encouraging Spouse/ Partner Travel

In 1995, overnight business travel accounted for only 3% of New Jersey's 163.2 million person trips. Business meetings and sales/service calls were the most popular reasons for making business trips to New Jersey, but the opening of the Atlantic City Convention Center should increase visitation for the convention, conference, and trade show segments.

New Jersey business travelers have been less likely to travel with their spouse or partner than average business travelers. This represents significant opportunity to increase visitation, length of stay, and expenditures by working with New Jersey corporations to encourage their visitors to extend their stays and by developing promotional packages which bundle extended hotel stays with activities to encourage business travelers to bring their spouses or partners. In addition, due to the relatively non-seasonal nature of business travel, this strategy may increase occupancy rates during off-peak periods.

T-6: Extend Business Visitor Stays by Encouraging Spouse/ Partner Travel	
Lead Org.:	New Jersey Division of Travel & Tourism
Supporting Organizations:	New Jersey Hotel/Motel Association Atlantic City Convention & Visitors Authority Prosperity New Jersey Tourism Industry Advisory Committee
Performance Measures:	Overnight person trips with main purpose business (currently measured as part of NJDTT's annual research program).
Performance Targets:	1995 performance was 6.4 million overnight person trips for business. New Jersey should increase visitation for business trips by 5% per year.

T-7: Draw New Jersey, NYC and Philadelphia Cultural Visitors to New Jersey Sites

In New Jersey, most visits with the primary purpose of entertainment are casino trips. New Jersey's cultural and entertainment attractions play an important role in improving the quality of life for residents, but they do not yet draw high levels of visitation such as New York's Broadway or museums or Philadelphia's Avenue of the Arts or museums. However, the opening of the New Jersey Performing Arts Center in Newark will play a significant role in highlighting New Jersey's strong cultural assets, which include nine dance companies, twenty professional theaters, seventy-four museums, and sixty-five orchestras. New Jersey should increase awareness and visitation to its cultural facilities by developing promotional packages which bundle these attractions with hotel and dinner accommodations. In addition, New Jersey should expand existing and develop new arts & entertainment festivals.

T-7: Draw New Jersey, NYC and Philadelphia Cultural Visitors to New Jersey Sites	
Lead Org.:	Cultural & Heritage Tourism Steering Committee
Supporting Organizations:	New Jersey Division of Travel & Tourism (NJDTT) New Jersey Hotel/Motel Association New Jersey Travel Industry Association
Performance Measures:	Number of day and overnight visitors participating in cultural activities (currently measured as part of NJDTT's annual research program).
Performance Targets:	1995 performance was 5% of day trip visitors (or 6.4 million) and 8% (or 2.9 million) of overnight trip visitors participated in cultural events. New Jersey should increase visitation for cultural activities by 5% per year.

Visitor Interests

A third dimension on which to define New Jersey's target markets is along specific attractions or visitor interests. Several specific segments should be the focus of special efforts:

T-8: Support the Future of the Gaming Industry

Gaming represents the largest activity segment for New Jersey tourism. However, the industry faces significant competitive threats, such as the Foxwoods, Mohegan Sun, and Oneida casino/entertainment destinations. New Jersey should embrace this important industry by working with industry leaders to develop a long-term strategy for the state's gaming industry. In the short term, packages should be developed which encourage longer stays by combining gaming and entertainment with other regional attractions such as family entertainment and amusements, golf, beach, and ecotourism activities.

T-8: Support the Future of the Gaming Industry	
Lead Org.:	New Jersey Casino Control Commission
Supporting Organizations:	Atlantic City Convention & Visitors Authority
Performance Measures:	Number of day and overnight visitors participating in gaming activities (casino gaming currently measured as part of NJDTT's annual research program).
Performance Targets:	1995 performance was 7.4 million overnight casino trips and 24.8 day casino trips. New Jersey should increase visitation for gaming activities by 5% per year.

T-9: Target the Touring Traveler

Target touring vacationers tend to come from further away, make longer stays in New Jersey, come in all seasons, and visit a wider range of attractions than the average overnight visitor. Given the State's thoroughfare location and the diversity of its historic, cultural, scenic, and recreational attractions within easy automobile access, New Jersey should target the touring market.

T-9: Target the Touring Traveler	
Lead Org.:	New Jersey Division of Travel & Tourism (NJDTT)
Supporting Organizations:	Regional Tourism Councils Cultural & Heritage Tourism Steering Committee NJ Department of Transportation NJDTT's Cooperative Marketing Partners
Performance Measures:	Number of day and overnight visitors touring in New Jersey (currently measured as part of NJDTT's annual research program).
Performance Targets:	1995 performance was 1.3 million overnight trips and 5.1 million day trips. New Jersey should increase visitation for touring by 5% per year.

Improve the Promotion of New Jersey's Tourism Products

The promotion strategies are designed to increase awareness of New Jersey's tourism products in the target markets.

P-1: Increase Resident Awareness of New Jersey Attractions

New Jersey residents should be ambassadors for the state, yet many are unaware of the diversity of attractions within the state. Programs which promote tourism within New Jersey should be expanded through tactics such as:

1. Expand the "Passport to New Jersey" program
2. Develop an "I'm From New Jersey" school curriculum
3. Expand publication of feature articles/editorials in local newspapers
4. Enhance NJN's "Discover New Jersey" program with attraction-related prize drawings
5. Expand "Jersey Jaunts" radio spots highlighting different attractions

These forms of home state promotion will increase in-state visitation by residents and will also capture increased visitation and expenditures from visiting friends or relatives (strategy T-4).

P-1: Increase Resident Awareness of New Jersey Attractions	
Lead Org.:	New Jersey Division of Travel & Tourism (NJDTT)
Supporting Organizations:	Cultural & Heritage Tourism Steering Committee NJ Department of Education New Jersey Network (NJN) New Jersey Broadcasters Association NJDTT's Cooperative Marketing Partners
Performance Measures:	Number of day and overnight visitors from New Jersey (currently measured as part of NJDTT's annual research program).
Performance Targets:	1995 performance was 7.9 million overnight trips and 60.2 million day trips by New Jersey residents. New Jersey should increase visitation by residents by 5% per year for overnight trips and 2% per year for day trips.

P-2: Strengthen Relationships with the Travel Trade and Media

The travel trade plays a key role in reaching visitors in target markets. New Jersey should strengthen relationships with key participants in the travel trade to develop long-term access to important markets.

1. Conduct additional familiarization tours and targeted sales calls for key domestic and international receptive operators and major travel agents in target markets.
2. Increase attendance at key motorcoach, trade, and consumer shows in the Pennsylvania and New York markets.
3. Expand efforts to qualify and target international and domestic travel writers.

P-2: Strengthen Relationships with the Travel Trade and Media	
Lead Org.:	New Jersey Division of Travel & Tourism (NJDTT)
Supporting Organizations:	New Jersey Travel Industry Association Regional Tourism Councils Atlantic City Convention & Visitors Authority NJDTT's Cooperative Marketing Partners
Performance Measures:	Percentage of overnight pleasure trips booked through travel agents (currently measured as part of NJDTT's annual research program). Percentage of overnight pleasure trips using escorted group tours (currently measured as part of NJDTT's annual research program).
Performance Targets:	1995 performance was 8% of overnight pleasure trips booked by travel agents (vs. 14% for any destination). New Jersey should increase the percentage of overnight pleasure trips booked by travel agents to meet or exceed the average for any destination. 1995 performance was 4% of overnight pleasure trips using escorted group tours (vs. 3% for any destination). New Jersey should maintain the percentage of overnight pleasure trips using group tours above the average for any destination.

P-3: Develop Statewide and Regional Destination Themes

Themes should be developed which highlight New Jersey's unique tourism assets and package isolated destinations into full-fledged touring itineraries and commissionable tours (strategy T-4). Some potential themes include:

1. *General Washington Fought Here* - A trail of Revolutionary War historic sites and events
2. *The Trail of Genius* - New Jersey's contributions to science, technology, and industry
3. *The Garden State* - New Jersey's agricultural and horticultural heritage
4. *Literary New Jersey* - Whitman, Fitzgerald ...
5. *The Melting Pot* - Immigration, ethnic, and multicultural New Jersey
6. *What's for Diner?* - A tour of landmark New Jersey diners
7. *Are You from Jersey? I'm from Jersey!* - Come home to visit friends and family.
8. *Jersey Jungle* - Go on safari... from the Skylands, to Great Adventure Theme Park, to Southern New Jersey's wildlife refuges.
9. *See the Light!* - Ten lighthouses from Sandy Hook to Cape May.
10. *Horsing Around* - Equestrian attractions from horse farms to race tracks.
11. *Jersey Jazz* - Musical events and attractions throughout the state.
12. *State of the Arts* - Artist colonies in Lambertville, Patterson, Jersey City, Red Bank
13. *Antique Jersey* - Antique shopping in Hopewell, Lambertville, Chester, Freehold, Cape May.

P-3: Develop Statewide and Regional Destination Themes	
Lead Org.:	New Jersey Division of Travel & Tourism (NJDTT)
Supporting Organizations:	Regional Tourism Councils New Jersey Travel Industry Association Cultural & Heritage Tourism Steering Committee NJDTT's Cooperative Marketing Partners
Performance Measures:	Number of thematic touring itineraries prepared and publicized through NJDTT collateral materials.
Performance Targets:	New Jersey should create four new themes and touring itineraries each year (one per calendar quarter).

P-4: Aggressively Improve Roadway Signage

The State should expand its roadway signage program to improve information provided to visitors and residents. Signage serves the dual purpose of explicitly communicating useful information to visitors while implicitly communicating that a visit to the destination is worthwhile and that New Jersey wants to welcome and assist visitors. These programs can be funded through the NJ Department of Transportation and federal Intermodal Surface Transportation Efficiency Act (ISTEA) funds (strategy F-5).

P-4: Aggressively Improve Roadway Signage	
Lead Org.:	New Jersey Department of Transportation
Supporting Organizations:	Regional Tourism Councils County Governments New Jersey Travel Industry Association Cultural & Heritage Tourism Steering Committee
Performance Measures:	Performance measures should be defined as specific programs are developed.
Performance Targets:	Performance targets should be defined as specific programs are developed.

P-5: Develop Targeted Collateral Information

The travel market is reaching a level of sophistication where a one-size-fits-all approach to promotional materials will not be effective. Visitors want information that is tailored to their specific needs. New Jersey should take several steps to develop the capability of delivering visitor-specific information:

- Develop printed materials which are geared for particular segments of the market rather than a compilation of all New Jersey attractions and accommodations.
- Enhance internet homepage capabilities, including the ability to establish a customer profile and to identify and deliver information of interest to the individual customer.

P-5: Develop Targeted Collateral Information	
Lead Org.:	New Jersey Division of Travel & Tourism (NJDTT)
Supporting Organizations:	Regional Tourism Councils Tourism Advisory Council NJDTT's Cooperative Marketing Partners
Performance Measures:	Number of segment-specific or niche-specific collateral materials prepared and available.
Performance Targets:	New Jersey should create two new targeted collaterals each year.

P-6: Develop One-Stop Shopping for Visitor Consultation and Reservation Service

Trip planning times are shortening and consumers want one-stop shopping that saves them time and effort. New Jersey is falling behind its competitors in the quality of its telemarketing services. The 1-800-JERSEY7 telemarketing program is primarily geared toward fulfilling requests for literature. Industry representatives believe the time required to get the requested information to customers is too long, negatively impacting New Jersey's ability to influence visitor decisions and also leaving a negative impression of hospitality service in the state.

New Jersey needs a more state-of-the-art service in which knowledgeable travel consultants offer information, advise and make arrangements for callers, effectively "locking in the deal" while the caller is most interested in New Jersey. The system should include the following components:

- Database access to comprehensive product and service information, including location, directions, hours, contacts, prices, packages available, etc.
- Reservation system which links to participating accommodations and attractions
- Customer information database which tracks the callers travel preferences and contact information
- Confirmation and literature fulfillment.

Such a service would provide New Jersey with a significant competitive edge in tourism promotion. The New Jersey Division of Travel & Tourism has recently initiated efforts to upgrade the 1-800-JERSEY7 service through the development of a bid specification.

P-6: Develop One-Stop Shopping for Visitor Consultation and Reservation Service	
Lead Org.:	New Jersey Division of Travel & Tourism (NJDTT)
Supporting Organizations:	New Jersey Travel Industry Association New Jersey Hotel/Motel Association New Jersey Bed & Breakfast Association New Jersey Campground Owners Association Tourism Advisory Council NJDTT's Cooperative Marketing Partners
Performance Measures:	Number of inquiries converted to reservations.
Performance Targets:	Performance targets should be defined as specific programs are developed.

P-7: Develop a Direct Marketing Capability

In addition to providing quality service in response to customer inquiries, New Jersey should develop the capability to market directly to customer. Direct marketing provides a means for developing and building long-term relationships with New Jersey's tourism customers. A sophisticated direct marketing approach would include the following components:

- Customer contact database generated through telemarketing inquiries and visits to New Jersey accommodations and attractions
- Segment-specific collateral information
- Segment-specific schedules for collateral mailings
- System to track the effectiveness of specific materials and delivery schedules
- Prospect database generated through market research which identifies additional households with profiles similar to New Jersey visitors.
- "Push technology" for targeted, electronic delivery of information

P-7: Develop a Direct Marketing Capability	
Lead Org.:	New Jersey Division of Travel & Tourism (NJDTT)
Supporting Organizations:	New Jersey Travel Industry Association New Jersey Hotel/Motel Association New Jersey Bed & Breakfast Association New Jersey Campground Owners Association Tourism Advisory Council NJDTT's Cooperative Marketing Partners
Performance Measures:	Number of contacts converted to reservations.
Performance Targets:	Performance targets should be defined as specific programs are developed.

Improve the Quality of New Jersey's Tourism Products and Services

The product development strategies are designed to package New Jersey's tourism assets for effective promotion and distribution.

Products

Q-1: Expand Development of Itineraries and Travel Packages (see P-3)

New Jersey's inability to enlist tour operators and the retail travel trade in the distribution of the state's tourism product is directly linked to a lack of awareness and the lack of commissionable products available. By creating discount packages which reward travel agents and tour operators with commissions, New Jersey attractions will realize increased visitation. One approach to this strategy includes the following steps:

1. Form an advisory committee of travel agents, receptive operators, motorcoach operators, and tour operators to develop guidelines for package development and pricing.
2. Expand the number of technical assistance seminars in each tourism region to train industry members on attraction packaging.
3. Communicate packaging "success stories" to New Jersey industry.

Q-1: Expand Development of Itineraries and Travel Packages (see P-3)	
Lead Org.:	New Jersey Division of Travel & Tourism (NJDTT)
Supporting Organizations:	New Jersey Travel Industry Association New Jersey Hotel/Motel Association Regional Tourism Councils Cultural & Heritage Tourism Steering Committee NJDTT's Cooperative Marketing Partners
Performance Measures:	Number of overnight pleasure trips using pre-paid vacation packages (currently measured as part of NJDTT's annual research program).
Performance Targets:	1995 performance was 12% of overnight pleasure trips (3.7 million) using pre-paid vacation packages (vs. 9% for any destination). New Jersey should increase the number of pleasure trips using pre-paid vacation packages by 2% per year.

Q-2: Support Existing and Develop New Major Annual Events and Festivals

Special events have the potential to draw visitation even in off-peak periods. Mega-events, such as Spoleto USA or Mardi Gras, generate national and international recognition of the host destination which leads to increased visitation well beyond the duration of the event. New Jersey should expand existing events, such as the New Jersey Balloon Festival, and develop new events and festivals, such as a touring museum event, which extend the season and increase support for existing events. In the short term, this strategy will enable increased visitation without increasing peak season capacity. In the long term, the increased levels of off-peak capacity will improve conditions for the construction of additional capacity (Strategy Q-11).

Q-2: Support Existing and Develop New Major Annual Events and Festivals	
Lead Org.:	New Jersey Division of Travel & Tourism (NJDTT)
Supporting Organizations:	New Jersey Travel Industry Association Regional Tourism Councils Cultural & Heritage Tourism Steering Committee NJDTT's Cooperative Marketing Partners
Performance Measures:	Number of day and overnight trips for the reason of attending a special event (currently measured as part of NJDTT's annual research program). Average number of day and overnight trips for the reason of attending a special event per month (<u>not</u> currently measured as part of NJDTT's annual research program).
Performance Targets:	1995 performance was 1.4 million overnight trips and 5.0 million day trips for the reason of attending a special event. New Jersey should increase the number of overnight trips for special events by 5% and the number of day trips for special events by 5%. The seasonality of special event trips should be monitored and new events planned for off-peak periods. Program target to be determined.

Q-3: Develop Cultural and Historic Sites into Tourism Destinations

New Jersey is home to many sites of historic and cultural significance, yet many of these sites are either under-maintained or not realizing their potential as tourism destinations, or both. Investment in these assets is needed for their preservation and their promotion to the public. Several tactics are necessary to improve heritage tourism in New Jersey:

1. Expand university and college research programs in New Jersey history and archaeology.
2. Expand historic preservation efforts throughout the state.
3. Support the formation and operation of non-for-profit organizations which manage historic attractions as tourist destinations.

The Division of Travel & Tourism should continue to work with the Cultural & Heritage Tourism Steering Committee which has adopted a framework to guide the development of cultural and heritage tourism in New Jersey.

Q-3: Develop Cultural and Historic Sites into Tourism Destinations	
Lead Org.:	Cultural & Heritage Tourism Steering Committee
Supporting Organizations:	New Jersey Division of Travel & Tourism (NJDTT) Task Force on New Jersey History New Jersey Department of Environmental Protection
Performance Measures:	Performance measures should be defined as specific programs are developed.
Performance Targets:	Performance targets should be defined as specific programs are developed.

Q-4: Develop Ecotourism Opportunities

New Jersey's vast natural resources, including its coastal and ocean areas, mountains, the Pinelands, and wildlife management areas represent important opportunities to develop a vibrant ecotourism industry in the state. Careful planning must be a component of this strategy to ensure the conservation and protection of these valuable resources. To date, only Cumberland County has drafted a strategy for ecotourism development and there is no statewide plan in place.

1. Establish a statewide ecotourism planning commission.
2. Develop statewide principles and guidelines for ecotourism development.
3. Expand the promotion of New Jersey's ecotourism programs in targeted media.

Q-4: Develop Ecotourism Opportunities	
Lead Org.:	New Jersey Department of Environmental Protection
Supporting Organizations:	New Jersey Division of Travel & Tourism (NJDTT) New Jersey Department of Agriculture Environmental associations and organizations New Jersey Campground Owners Association
Performance Measures:	Number of day and overnight pleasure trips with the reason of outdoor activity (currently measured as part of NJDTT's annual research program).
Performance Targets:	1995 performance was 1.1 million overnight trips and 5.3 million day trips for the reason of outdoor activity. New Jersey should increase the number of overnight trips for outdoor activity by 5% and the number of day trips for outdoor activity by 5%.

Q-5: Develop Urban Tourism Clusters

New Jersey has made significant investment in urban tourism opportunities, primarily through the develop of major public facilities such as the State Aquarium at Camden or the New Jersey Performing Arts Center in Newark. As the experience of Atlantic City and Camden have shown, investments in such “island facilities” can be more successful if they are sustained with continued “in-fill” development to create a critical mass of attractions and services needed to draw visitors to urban areas. The following two approaches may be effective means of implementing this strategy:

1. Utilize minority and woman-owned business enterprise (MBE/WBE) development programs to encourage the development of visitor oriented attractions and services in walking distance of existing and planned urban public facilities.
2. Develop additional public facilities which complement existing facilities to create “attraction districts” within urban areas.

Q-5: Develop Urban Tourism Clusters	
Lead Org.:	New Jersey Department of Commerce and Economic Development
Supporting Organizations:	New Jersey Economic Development Authority Casino Reinvestment Development Authority New Jersey Developmental Authority for Small Businesses, Minorities' and Women's Enterprises New Jersey Urban Development Corporation
Performance Measures:	Length of stay for day trips to urban destinations (<u>not</u> currently measured as part of NJDTT's annual research program).
Performance Targets:	Program targets to be determined.

Q-6: Develop Scenic Byways and Touring Corridors

Scenic byways provide touring motorists with the opportunity to explore New Jersey scenery and attractions not readily apparent from the major highways. By promoting such byways, New Jersey may convert “pass through” visitors to make New Jersey a destination, either along the way or on their next trip.

1. Develop a signage program to promote scenic routes and direct motorists along them.
2. Publicize scenic routes in promotional materials and newspaper weekend sections.

Q-6: Develop Scenic Byways and Touring Corridors	
Lead Org.:	New Jersey Department of Transportation
Supporting Organizations:	New Jersey Division of Travel & Tourism (NJDTT) Regional Tourism Councils Cultural & Heritage Tourism Steering Committee County Governments
Performance Measures:	Number of scenic routes established and publicized. Number of motorists opting to take scenic byways instead of through routes.
Performance Targets:	New Jersey should establish one new scenic route every other year. Program targets for scenic route utilization to be determined.

Q-7: Develop New Attractions

Economic development efforts should be directed to identifying and developing new attractions. Such investment and development should be encouraged where it will enhance existing destinations and increase the “critical mass” for attracting visitors to a locale. Potential complementary attractions may include recreation resorts, nature centers, and family attractions.

Q-7: Develop New Attractions	
Lead Org.:	New Jersey Department of Commerce and Economic Development
Supporting Organizations:	New Jersey Division of Travel & Tourism (NJDTT) New Jersey Sports and Exposition Authority New Jersey Economic Development Authority Casino Reinvestment Development Authority New Jersey Urban Development Corporation
Performance Measures:	Number of tourism-related projects proposed. Number of tourism-related projects developed.
Performance Targets:	Initiate one tourism-related project proposal per year. Approve and develop one tourism-related project every three years.

Q-8: Address Barriers to Tourism Development

New Jersey must address certain legal barriers to tourism development which can impede the creation or expansion of businesses which attract visitors, including legal liability reform, restrictive Local Development Ordinances and taxation policies, and environmental permitting processes. The Whitman administration has made progress in these areas yet more needs to be done.

Q-8: Address Barriers to Tourism Development	
Lead Org.:	Prosperity New Jersey
Supporting Organizations:	New Jersey Business & Industry Association New Jersey Chamber of Commerce
Performance Measures:	Performance measures should be defined as specific programs are developed.
Performance Targets:	Performance targets should be defined as specific programs are developed.

Services

Q-9: Support Expansion of Airline Service to New Jersey

New Jersey has made significant investments in expansion projects at Newark International and Atlantic City International Airport and should continue to work with air carriers to expand service to these vital points of entry. In addition, the State should work for continued improvement in airport access to ensure visitors transition smoothly to destinations within New Jersey.

Q-9: Support Expansion of Airline Service to New Jersey	
Lead Org.:	New Jersey Department of Commerce and Economic Development
Supporting Organizations:	Port Authority of New York and New Jersey South Jersey Transportation Authority New Jersey Department of Transportation
Performance Measures:	Number of regularly scheduled commercial flights to New Jersey airports.
Performance Targets:	Performance targets not available.

Q-10: Improve Access to Hospitality Training

Customer service is increasingly becoming a deciding factor in where people choose to visit. By improving access to hospitality training, New Jersey will improve the experience of its visitors and encourage return visitation. Currently, hospitality training programs are available at Bergen County College, Stockton State College, Atlantic County College, and Georgian Court. A statewide hospitality training program should include the following components:

- Accredited vocational and community college training courses and programs
- Industry certification program

Q-10: Improve Access to Hospitality Training	
Lead Org.:	New Jersey Travel Industry Association
Supporting Organizations:	New Jersey Division of Travel & Tourism (NJDTT) New Jersey Department of Labor State College, Community College and vocational educational programs
Performance Measures:	Number of certified hospitality workers.
Performance Targets:	Performance targets should be defined as specific programs are developed.

Q-11: Expand Hotel/Motel Capacity

New Jersey's ability to increase visitation during peak periods is limited by its current hotel/motel room capacity. However, because visitation is so strongly seasonal in many parts of the state, developers have not been inclined to build new facilities. To address the impacts of capacity constraints, the master plan includes near-term strategies geared toward extending the season through special events and festivals (Strategy Q-2) and increasing visitation generated by non-seasonal activities such as business travel (strategy T-6). In the long term, these strategies should smooth occupancy peaks by increasing shoulder visitation and create an environment which will encourage additional hotel/motel development. It should be noted that hotel capacity in Atlantic City is already planned to increase by 50% by the end of the decade.

Q-11: Expand Hotel/Motel Capacity	
Lead Org.:	New Jersey Department of Commerce and Economic Development
Supporting Organizations:	New Jersey Hotel Motel Association New Jersey Economic Development Authority Casino Reinvestment Development Authority New Jersey Urban Development Corporation
Performance Measures:	Number of hotel/motel/resort rooms (currently measured as part of NJDTT's annual research program). Hotel/motel/resort occupancy rates (currently measured as part of NJDTT's annual research program).
Performance Targets:	1995 performance was 88,646 H/M/R rooms and average occupancy was 73.7%.

Strengthen New Jersey's Tourism Organizations

The organizational development strategies are designed to strengthen partnering and collaboration between individual organizations with a role in the tourism industry.

State Government

O-1: Establish an Inter-agency "Tourism Cabinet" to Coordinate State Activities Which Impact Tourism

Many State-level agencies, such as the Department of Environmental Protection and the Department of Transportation have direct impact on tourism in New Jersey. In addition, other agencies, such as the Department of Labor, the Department of State, and the Department of Education, direct programs which might be directed to support tourism in New Jersey, as do State authorities such as the New Jersey Sports and Exposition Authority, the Casino Reinvestment Development Authority, and the New Jersey Economic Development Authority. An inter-agency commissioner-level task force, chaired by the Commissioner of Commerce and Economic Development, should be created to periodically review State programs to identify opportunities to coordinate activities which would support tourism in New Jersey.

O-1: Establish an Inter-agency "Tourism Cabinet" to Coordinate State Activities Which Impact Tourism	
Lead Org.:	New Jersey Division of Travel & Tourism
Supporting Organizations:	New Jersey Department of Environmental Protection New Jersey Department of Transportation New Jersey Department of Labor New Jersey Department of State New Jersey Department of Education New Jersey Sports and Exposition Authority Casino Reinvestment Development Authority New Jersey Economic Development Authority
Performance Measures:	Number of meetings per year.
Performance Targets:	New Jersey should conduct at least two inter-agency "tourism cabinet" meetings per year.

O-2: Strengthen the Role of the Tourism Advisory Council

Tourism policy requires a consistent approach for long-term return on investment. In New Jersey, the marketing message and approach to tourism can change dramatically with each administration. To improve continuity of policy, the Tourism Advisory Council should be empowered to play a greater role in directing New Jersey's tourism policies. Specifically, Council members should serve to:

1. Monitor progress on Tourism Master Plan goals and adapt the plan as necessary;
2. Review the annual marketing plan of the Division of Travel & Tourism;
3. Generate industry support for tourism initiatives; and
4. Advocate on behalf of the industry.

In addition, the Tourism Advisory Council should be expanded to include representation from the fast growing multicultural and heritage tourism segments of the industry.

O-2: Strengthen the Role of the Tourism Advisory Council	
Lead Org.:	Tourism Advisory Council
Supporting Organizations:	New Jersey Division of Travel & Tourism (NJDTT)
Performance Measures:	Number of meetings per year.
Performance Targets:	New Jersey should conduct at least four Tourism Advisory Committee meetings per year.

O-3: Commit to Interstate Cooperation

Tourists do not stop at jurisdictional boundaries and many of New Jersey's assets are regional in nature. New Jersey should endorse interstate cooperation between adjacent regions and should participate in interstate collaborative marketing.

1. Develop cross-border marketing organizations in regions along the Delaware River, including:
 - Delaware Water Gap
 - New Hope-Lambertville
 - Trenton-Morrisville
 - Camden-Philadelphia
 - Wilmington-Penns Grove
 - Phillipsburg-Easton
 - Washington Crossing
 - Burlington-Bristol
 - Chester-Bridgeport

2. Actively participating in the “Gateway America” regional marketing alliance with New York, Pennsylvania, and Delaware.
3. Pursue national designation of the Delaware River under the recently announced American Heritage Rivers initiative in partnership with New York, Pennsylvania, and Delaware.

O-3: Commit to Interstate Cooperation	
Lead Org.:	New Jersey Division of Travel & Tourism (NJDTT)
Supporting Organizations:	Gateway America regional marketing alliance (NJ, NY, PA, DE) Skylands Regional Tourism Council Delaware River Regional Tourism Council Southern Shore Regional Tourism Council Gateway Regional Tourism Council
Performance Measures:	Performance measures should be defined as specific programs are developed.
Performance Targets:	Performance targets should be defined as specific programs are developed.

Industry Organizations

O-4: Reexamine the Structure and Role of New Jersey’s Regional Tourism Councils

The six regional tourism councils play an important role in bringing together businesses and government agencies to enhance collaboration for tourism promotion. However, their effectiveness is limited and should be improved. The development of strategic plans and annual business plans for each regional council would help solidify support for the councils from individual businesses, state, county, and local government agencies, and foundations. In addition, because tourism promotion themes and opportunities are not limited to regional boundaries, mechanisms should be developed to support inter-regional activities.

O-4: Reexamine the Structure and Role of New Jersey's Regional Tourism Councils	
Lead Org.:	Regional Tourism Councils
Supporting Organizations:	New Jersey Division of Travel & Tourism (NJDTT) Tourism Advisory Committee County and local Chambers of Commerce County and local governments
Performance Measures:	Performance measures should be defined as strategic plans and business plans are developed for each Regional Tourism Council.
Performance Targets:	Performance targets should be defined as strategic plans and business plans are developed for each Regional Tourism Council.

O-5: Encourage the Development of Strong Local Marketing Organizations

Convention and Visitor Bureaus are one effective means for promoting regional tourism. By coordinating promotional and marketing activities for a region's attractions and accommodations, CVBs help deliver a consistent message to the market. In addition, CVBs provide a proven mechanism by which expertise and dedicated staff resources unavailable to smaller businesses are made available through the pooling of resources. New Jersey should support and encourage the development of strong local marketing organizations. In the interim, local Chambers of Commerce should be encouraged to dedicate staff and resources to tourism development and promotion.

O-5: Encourage the Development of Strong Local Marketing Organizations	
Lead Org.:	Regional Tourism Councils
Supporting Organizations:	New Jersey Division of Travel & Tourism (NJDTT) Tourism Advisory Committee County and local Chambers of Commerce County and local governments
Performance Measures:	Performance measures should be defined as specific programs are developed.
Performance Targets:	Performance targets should be defined as specific programs are developed.

O-6: Establish On-going Program to Support Cultural & Heritage Tourism

The Cultural & Heritage Tourism Steering Committee has made important progress in developing a framework for a statewide cultural & heritage tourism initiative. The framework should be supported on an on-going basis to nurture the development of this important segment of the New Jersey tourism industry. As previously mentioned, cultural and heritage tourism should be represented on the Division of Travel & Tourism's Tourism Advisory Council.

O-6: Establish On-going Program to Support Cultural & Heritage Tourism	
Lead Org.:	Cultural & Heritage Tourism Steering Committee (CHTSC)
Supporting Organizations:	New Jersey Division of Travel & Tourism (NJDTT) New Jersey Travel Industry Association New Jersey Department of State Task Force on New Jersey History ArtPride
Performance Measures:	Performance measures should be defined as specific programs are developed to implement the CHTSC framework.
Performance Targets:	Performance targets should be defined as specific programs are developed to implement the CHTSC framework.

Expand Access to Financing for Tourism Development and Promotion

The financial resources available to support the implementation of the tourism master plan will depend upon the level of private funds (investment, cooperative marketing, and sponsorship) and public funds (federal, state, county, and local) committed to tourism development and promotion. The availability of public funds at any level of government is subject to executive budget preparation and legislative approval. The availability of private funds is subject to the resources of the organizations involved and the attractiveness of the program being implemented, in terms of direct or indirect returns on investment. The extent to which each master plan strategy is implemented may be adapted and phased to meet budgetary constraints. The master plan strategies taken in their entirety represent a comprehensive approach to growing New Jersey's tourism industry.

The financing strategies presented in this section are designed to increase access to the operating and capital funding needed to support tourism promotion and development. Performance measures for these strategies would typically be the amount of operating or capital funds generated by the strategy. Performance targets should be set in conjunction with the development of specific programs to implement the master plan strategies.

F-1: Increase Awareness of Tourism's Economic Benefits

General awareness of tourism's economic benefits should be increased for government officials at the state, county and local levels as well as for residents and businesses in New Jersey. Some tactics include:

1. Publish an Annual Report on tourism's economic benefits.
2. Brief Legislative committee members.
3. Present tourism industry impacts at Chamber of Commerce meetings.

F-1: Increase Awareness of Tourism's Economic Benefits	
Lead Org.:	New Jersey Division of Travel & Tourism (NJDTT)
Supporting Organizations:	Tourism Advisory Committee New Jersey Travel Industry Association Prosperity New Jersey Tourism Industry Advisory Committee

F-2: Aggressively Pursue Private Matching Programs

The State should continue to aggressively seek private industry partners to leverage State investment in the industry. Several programs should be pushed:

1. The *Regional Partnership Program* encourages businesses in the regional tourism councils to cooperatively pool funds to be matched by State grants. Such programs are an effective means of strengthening business participation in the tourism councils and leveraging State promotional dollars (strategy O-4).
2. *Corporate Partnerships* are another source of matching public and private funds. New Jersey has a strong corporate base which benefits from the exposure and improved quality of life which a vibrant tourism industry brings to the State. New Jersey should aggressively seek corporate sponsorships for cooperative marketing as well as to underwrite the development of special events and festivals. In addition, cooperative marketing programs can be used to raise private sector funds to market New Jersey's regions. For example, American Express direct marketing promotes regional destinations or packages which encourage use of their credit card. The New Jersey Ski Association currently participates in such a program with American Express and the Division of Travel & Tourism.

F-2: Aggressively Pursue Private Matching Programs	
Lead Org.:	New Jersey Division of Travel & Tourism (NJDTT)
Supporting Organizations:	NJDTT Cooperative Marketing Partners Tourism Advisory Council Prosperity New Jersey

F-3: Access Existing State Financial Sources to Support Tourism Development

New Jersey state government has established a number of programs for economic development, transportation, community development, historic preservation, and conservation. These funds should be accessed to support the development of tourism products and businesses. A key mechanism for directing these funds towards tourism will be the state government inter-agency "tourism cabinet" (strategy O-1.)

F-3: Access Existing State Financial Sources to Support Tourism Development	
Lead Org.:	New Jersey Department of Commerce and Economic Development
Supporting Organizations:	New Jersey Division of Travel & Tourism (NJDTT) Inter-agency "Tourism Cabinet" (see strategy O-1)

F-4: Secure Federal Funding for the Preservation of Natural, Cultural and Historic Assets

New Jersey's Green Acres and Historic Preservation funds have provided capital funding to support the development and preservation of ecotourism and historic tourism assets in the State. Additional federal funding should be accessed for these purposes, including:

- Beach Replenishment
- *Intermodal Surface Transportation Efficiency Act (ISTEA)* might finance scenic byways and signage improvements
- *Community Development Block Grant (CDBG)* from Housing and Urban Development have been used for a variety of economic development projects related to historic tourism, such as the State of New York's \$20 million project to revitalize communities along the historic Erie Canal.
- *American Heritage Rivers* is an initiative of the White House Council for Environmental Quality. Ten rivers will be designated by May 1997 for federal support in the form of technical assistance and dedicated staffing (strategy O-3.)

As recommended by the Task Force on New Jersey History (recommendation 3.3), state and local governments should partner with federal government and private industry to develop regional historic tourism attractions, such as the New Jersey Coastal Heritage Trail.

F-4: Secure Federal Funding for the Preservation of Natural, Cultural and Historic Assets	
Lead Org.:	Inter-agency "Tourism Cabinet" (see strategy O-1)
Supporting Organizations:	New Jersey Department of Commerce and Economic Development New Jersey Congressional delegation

F-5: Consider Regional Self-Assessment Mechanisms

As demonstrated in the financing section of the report, most of New Jersey's competitors have regional marketing organizations financed through self-assessments. Given the diversity of businesses throughout the state's twenty-one counties and six tourism regions, no single mechanism for financing regional marketing organizations can be effective statewide. However, to the extent that businesses within a region can develop a viable plan and garner support for creating a regional marketing organization financed through assessments, the State should consider and evaluate the proposal.

F-5: Consider Regional Self-Assessment Mechanisms	
Lead Org.:	Local Tourism Marketing Organizations
Supporting Organizations:	New Jersey Division of Travel & Tourism (NJDTT) New Jersey Treasurer's Office

F-6: Apply State Development Programs to Encourage Investment in New Jersey Tourism

A tax credit incentive or lending program may be an effective means for encouraging investment in tourism-related businesses. Economic development programs have used these types of programs to encourage industry relocation or expansion. New Jersey's economic development incentives should include guidelines for encouraging tourism-related investment and development and consideration should be given to assigning an account manager to focus on tourism development.

F-6: Apply State Development Programs to Encourage Investment in New Jersey Tourism	
Lead Org.:	New Jersey Department of Commerce and Economic Development
Supporting Organizations:	New Jersey Economic Development Authority Casino Reinvestment Development Authority New Jersey Urban Development Corporation